SENATE—*Tuesday, April 11, 1989*

(Legislative day of Tuesday, January 3, 1989)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by the Honorable ALAN CRANSTON, a Senator from the State of California.

Mr. CRANSTON. Today's prayer will be offered by guest chaplain, Rabbi Norman Geller, Congregation Beth Abraham, Auburn, ME.

PRAYER

We gather here under the professed concept of a nation indivisible. Differing opinions, but indivisible in our zeal for truth, justice, mercy, peace, and our system of government.

Different backgrounds, but indivisible in our choice of a homeland, a safe and caring harbor where each human being has a place and an identity.

Different religious expressions, but indivisible in our acknowledgment of a Supreme Being whose teachings are not only the foundation, but also the framework and superstructure of the American way.

May G-d continually look with favor on this great country. May G-d's wisdom abound in the Senate and all our legislative, administrative, and judicial bodies. May we continually recognize and acknowledge that we are each other's keeper and that we should indeed love our neighbor as we love ourselves.

G-d blessed, G-d blesses, and collectively may our actions continually assure that G-d will always bless America. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senator from the President pro tempore [Mr. BYRD].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, April 11, 1989.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ALAN CRANSTON, a Senator from the State of California, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. CRANSTON thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER (Mr. KOHL). Under the standing order, the majority leader is recognized.

THE JOURNAL

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE RABBI'S PRAYER

Mr. MITCHELL. Mr. President, I want to thank my friend and fellow resident of Maine, Rabbi Geller, for his very thoughtful opening prayer. And, I would like, if I might—if the Republican leader will not object—to yield briefly to my colleague from Maine, Senator COHEN, at this time.

Mr. COHEN. I thank the majority leader.

APPRECIATION OF RABBI NORMAN GELLER

Mr. COHEN. Mr. President, to me, one of the Senate's most enjoyable rituals is to begin each session with a few words of prayer to help us in times of adversity and to further encourage us in times of prosperity.

On most occasions, we are fortunate to hear words of spiritual awareness from our Senate Chaplain, the very able Dr. Richard Halverson. From time to time, however, we also have religious leaders from around the country serve as chaplain of the day.

Today, I am very pleased to sponsor Rabbi Norman Geller of Congregation Beth Abraham in Auburn, ME. As Senator MITCHELL indicated he is a good friend of both of us. We are delighted to welcome the rabbi and his wife, Ros, to the Senate today. I would also like to mention that Norman and Ros have three lovely children: Rachel, Anne, and David.

Mr. President, you have just heard Rabbi Geller's eloquent words to start our session, and I will just add a few words of my own.

Few people embody the religious tradition of commitment and service more than Norman Geller. He defies easy classification, but can truly be called a man for all seasons.

He runs a large temple, recently started a school for troubled children, and is a speech pathology expert at a Lewiston, ME, hospital.

He is a spiritual leader, a scholar, a teacher, a counselor, an author, and a poet.

He combines thought with action in the highest traditions of commitment to his fellow citizens.

Mr. President, I know I speak for Senator MITCHELL, myself, and the people of Maine. We are grateful to Rabbi Geller for sharing his words with us today, words from which I know all Senators will benefit.

SCHEDULE

Mr. MITCHELL. Mr. President, following the time for the two leaders this morning there will be a period for morning business not to extend beyond 12:30 p.m. with Senators permitted to speak therein for up to 5 minutes each.

The Senate will stand in recess from 12:30 p.m. until 2:15 p.m. in order to accommodate the party conference luncheons. At 2:15 p.m., the Senate will resume debate on S. 4, the minimum wage bill under a unanimous-consent agreement which provides for 90 minutes of debate equally divided between Senators HATCH and KENNEDY; first, on a Graham-Pryor amendment with a rollcall vote to occur on that amendment with no intervening debate or action.

Once the Graham-Pryor amendment has been disposed, of, Senator HATCH will be recognized to offer his amendment which will then be voted on immediately. Therefore, Mr. President, the Senate will be conducting two rollcall votes back to back this afternoon, the first occurring about 3:45 p.m.

Once these two amendments have been disposed of, I hope we will be able to reach an agreement on the remaining amendments.

Senators should be on notice that other votes are likely today on amendments following the disposition of the two of which I have previously referred.

Mr. President, I yield to the distinguished Republican leader.

RECOGNITION OF THE REPUBLICAN LEADER

The PRESIDING OFFICER. Under the standing order, the Republican leader is recognized.

RESERVATION OF THE REPUBLICAN LEADER'S TIME

Mr. DOLE. Mr. President, I reserve my time.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12:30 p.m. with Senators permitted to speak therein for not to exceed 5 minutes each.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

TRADEOFF BETWEEN GROWTH AND THE ENVIRONMENT

Mr. REID. Mr. President, a steady, seemingly unrelenting change is taking place in my home State of Nevada.

It is happening all over America.

There was once a time when we held grand notions of striking a delicate balance between growth and the environment.

We believed that an even tradeoff could be executed between short-term economic gains and the long-term, even permanent, environmental consequences of growth.

The tradeoff was anything but equal. Some say the scales are now tipped precariously toward unbridled development and tenuous profits.

The lack of clean air, a global warming trend, and the diminishing supply and quality of our Nation's water comprise the most grave consequences with which we must cope.

Let us look for a minute at clean air—or what is left of it; 2.4 billion tons of hazardous pollutants were emitted in the United States during 1987.

Nevada, long-considered a haven of natural beauty—including America's newest national park—is not immune to the havoc of pollution. In the last few months, the State's major newspapers have contained the following headlines: "Las Vegas Residents Gasping for Air;" "Officials, Residents Tangled Over Solutions to Growth and Pollution;" and "Reno-Sparks Doesn't Meet Smog Standards."

The desire for economic gains and the lure of "all modern conveniences" has led to an inevitable destruction of the environment.

Thirty years ago, Nevada State legislators recognized the need to maintain a delicate balance between the State's natural resources and programs for economic growth and diversification.

This task was presented as a mandate for the Desert Research Institute, created as a division of the University of Nevada system. DRI, as we refer to it, is celebrating 30 years of research and discoveries that have helped Nevada, the entire country, and various parts of the world.

DRI has addressed problems relating to clean air, water supply and quality, worldwide climate changes, and hazardous waste. In recognition of DRI's work, I'd like to list some of their accomplishments:

DRI developed air quality technology that is used nationwide, including a process for determining compliance that has been adopted by the Environmental Protection Agency;

DRI discovered technology to monitor the effect of hazardous waste on ground water;

DRI is conducting major research on the way in which air pollution drifts from urban centers to natural treasures such as the Grand Canyon.

DRI performs vital research on the quantity and quality of water required for growing cities.

DRI helps pioneer new methodologies for drought relief such as cloud seeding. DRI's scientists also work to ensure that the greatly needed moisture we get from the atmosphere does not come in the form of acid rain.

DRI is a link to our past and our future. While their archeologists may be uncovering keys to human and animal evolution of yesteryears, their scientists are studying the feasibility of building a base for tomorrow's age on the lunar surface of the Moon.

DRI's achievements will help tilt the scales of environment versus growth back to an upright position.

Conservation pioneer Aldo Leopold described this balance as a tradeoff between economics on one hand, and—on the other hand—ethics and esthetics. I only wish that this were true today.

We do trade off ethics and esthetics for economic development and diversification. But now we're trading off more than that. We're jeopardizing the very health and lives of ourselves, our children, and future generations.

The Desert Research Institute conducts research throughout the country, and on every continent.

I hope their 30 years of success is only the beginning of a lasting legacy.

Research and development efforts such as those at DRI help us retain or restore the quality and beauty of our environment. Such efforts help us reverse Aldo Leopold's prediction that our environment would be irreparably damaged by industrialization.

He observed:

> It is the part of wisdom never to revisit a wilderness, for the more golden the lily, the more certain that someone has gilded it. To return not only spoils a trip, but tarnishes a memory. It is only in the mind that shining adventure remains forever bright.

I applaud Nevada's Desert Research Institute for their efforts to ensure that the quality and beauty of our environment is more than just a memory.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KOHL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DIRECTION OF BUDGET NEGOTIATIONS

Mr. KOHL. Mr. President, I would like to express my concern over the direction of the budget negotiations between the administration and Congress.

I understand that those negotiations are drawing to a close. If the reports I've read are accurate, we do not need to draw to a close, we need to go back to the drawing board.

The very first account I heard about the budget negotiations was that they adopted the rosy economic assumptions of the Office of Management and Budget, the OMB. These assumptions on interest rates, inflation, unemployment and growth in the overall economy are extremely optimistic. Basing our budget on this kind of foundation masks the true magnitude of the deficit and will create great hardship in the years to come.

Unfortunately, that early signal seems to be representative of the rest of the negotiations. The New York Times yesterday quoted one of the other body's leading members as saying that this package is a 'get-me-through-the-night budget.' If that is true, we are in deep trouble. When do we plan to tackle this problem? We should not postpone until next year the tough decisions we need to make.

Mr. President, postponement has been the hallmark of deficit reduction efforts to date.

Congress and the President have consistently failed to meet the Gramm-Rudman targets. In 1986, we limited the sequester so that the targets were not met. In 1987 and 1988, we moved the targets back, used asset sales and shady accounting to meet the targets.

For fiscal year 1989, we were supposed to have a deficit no larger than $136 billion. It turns out that the deficit will be at least $160 billion. And that does not include much money for the massive FSLIC bailout or the cleanup of our nuclear weapons production facilities.

Given our history of missing the targets, it's hard for me to swallow promises that we will get serious about deficit reduction next year—if only we allow one more shady budget to get through. If we fudge the figures for the 1990 budget, the situation in 1991 will be hopeless. We will find ourselves with a deficit easily in excess of $120 billion and a 1991 deficit target of $64 billion. There is no way we will be able to achieve that amount of deficit re-

duction. We should bite the bullet now.

I have the utmost confidence and respect for the negotiators. They should be on notice, however, that there is at least one Senator with strong reservations about a minimalist budget that honestly generates less deficit reduction than mandated under the Gramm-Rudman-Hollings law. As much as one Senator can, I will resist any attempt to pass a budget based on unrealistic economic assumptions, trick accounting or one shot savings. These tactics only postpone and ultimately worsen the pain we must go through.

As a businessman, I have participated in many negotiations. It is always difficult to analyze them from the outside. However, the package that is emerging seems to show that the congressional negotiators feel they bargained from a position of weakness. Our negotiators probably felt that we in Congress wouldn't back them up if they took a hard line.

Mr. President, those negotiators should try taking a hard line before they give up on their colleagues. We should stick to our guns and convince the administration to join us in a serious deficit reduction effort.

I think the negotiators will be surprised by the support they will have if the deficit reduction is significant. It is only with these "muddling through" budgets that divisiveness reigns. Serious progress will be tough, but the greater good of deep deficit reduction will unite many who might oppose each other over a lesser package.

Should we fail to convince the administration that this Nation needs a serious deficit reduction package, we must be ready to walk away from the table. Mr. President, there is an alternative to any package we consider and we should be prepared to use it. We can achieve the necessary savings through a sequester.

A sequester would cut spending across the board to meet the Gramm-Rudman-Hollings target. Half of the cuts would fall on defense, half on nondefense. A sequester would be a disaster, Mr. President. But if it takes a disaster to get the attention of this Nation, this Congress and this administration, then that is the path we should take.

The situation is a tough one. Everyone feels bound—for at least 1 year—by their campaign pledges. I share that feeling myself. But Mr. President, no campaign pledge should stand in the way of real progress against the deficit. Interest rates are already creeping up. And it is only a matter of time before our exchange rate starts to get out of line again. This Nation simply cannot afford to delay another year before we pass a serious deficit reduction package. The time has long since passed for smoke and mirrors.

Mr. President, many Americans feel intimidated by the gargantuan size of our deficit problem. How can we possibly understand or analyze a trillion dollar budget for a $160 billion deficit? But I would urge all Americans to take a look at this package and ask one simple question: Is it honest?

That question does not require any sophisticated knowledge of the budget or the budget process. Nonetheless, it goes to the heart of any budget proposal. If the answer is no—and I believe the answer would be no for the package just negotiated—then we should not accept it.

Thank you, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, it is my understanding we have 5 minutes.

The PRESIDING OFFICER. The Senator is correct.

The Senator from Kentucky is recognized.

Mr. FORD. I thank the Chair.

(The remarks of Mr. FORD pertaining to the introduction of legislation are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Mr. DECONCINI). The Senator from Wisconsin is recognized.

Mr. KOHL. I thank the Chair.

(The remarks of Mr. KOHL pertaining to the introduction of legislation are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 83-420, as amended by Public Law 99-371, reappoints the Senator from Hawaii [Mr. INOUYE] to the Board of Trustees of Gallaudet University.

ORDER OF PROCEDURE

Mr. HEINZ. Mr. President, would the Chair permit me to ask unanimous consent that I may speak for 10 minutes? I see no other Senator seeking recognition.

The PRESIDING OFFICER. Is their objection to the request of the Senator from Pennsylvania? Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I thank the Chair.

THE MINIMUM WAGE

Mr. HEINZ. Mr. President, later today, we will be taking up the minimum wage bill and amendments to it. I intend to support the compromise amendment, the so-called committee substitute, that will be offered and I intend to support the final passage of that measure which I think will prevail.

I want to take a few moments to discuss my reasons but I do so, frankly, with the intention of focusing less attention on specific amendments and their details and much more focus on what I think that debate is really all about.

I believe, Mr. President, that one important reason for our Nation's growth and success over so many years is the intuitive sense of balance and fairness that have characterized the development of our laws and institutions.

The American people have historically rejected both ends of the political spectrum, and historians have generally found that if the balance of rights and obligations we have reached in a particular area have shifted, our basic sense of fairness and justice that resides within the American people then takes hold and the pendulum of public opinion usually begins to swing back the other way.

These events do not occur without debate and discussion. Much of that debate is occasionally heated. The fact that particular points of view do not prevail does not mean they do not exist and are not vigorously advocated. But in the end Americans' inherent sense of justice, balance, and fair play generally triumph.

The sense of balance that I refer to encompasses the institutions and fundamental principles that govern our lives, but which, like the Earth's tectonic plates, grind against each other, creating new ones.

Some of those plates include such important institutions as church and State, labor and management, consumer and producer, Government and people, the media and the individual's right to privacy. Every society must contend with the frictions caused by the interaction of these major elements.

Mr. President, some societies react very differently than ours. Some societies react with repression. The church, labor, the press, all of those have been targets of repression in other countries. In the United States, we have chosen to let these elements contend and forge their own unique balance through this special process we call democracy. In the many compromises that result, what happens is that we satisfy most of us and contain the rest.

Mr. President, what I have just described, I believe, is the special contribution of people called Americans to the world. We show it can be done and by doing so I think we give hope to millions throughout the world who endure without the freedom we enjoy. Whether it can be done someplace else

is another matter and a subject I will leave for another day.

Today I want to relate these comments to only one area of historical conflict—that between labor and management—and to only one issue—the minimum wage bill—that we will be taking up later.

Reaching the present state of labor-management relations has meant traveling a rocky road that has not been without bitter conflict over the years. Workers have had to organize and occasionally fight for their rights against often hostile forces. Labor legislation during the Roosevelt administration enshrined basic rights and created a new balance. The Taft-Hartley Act after the war, passed over President Truman's veto, moved the pendulum a bit in the other direction. Since that time, both sides in this awkward relationship have made efforts to create a new balance but, like two large sumo wrestlers in the ring, the tremendous energy expended has produced at best marginal change. And today, both parties remain in the ring still trying to figure out how to budge the other.

Throughout this period, minimum wage legislation has been something of a special case, since it pertains not only to the relationship between labor and management but also to the fundamental economic health of a group of individuals. Considering an increase in the minimum wage is not just a debate over the reallocation of limited resources. It is also a discussion of what constitutes an adequate wage of economic survival in this country—what is fair, just, and, equally important, what is necessary for the recipients. For 50 years it has been the law of this land that while wages should be set in the marketplace, the Government has the right and responsibility to determine a minimal acceptable living wage and to decree that as a floor beneath which wages cannot fall. The current debate is not—and it should not be—over that right and that responsibility, but rather over what level should be set.

As is often the case in debates over economic issues, there is constant concern that legislatures will lose their way in a sea of numbers: The number of workers actually receiving the minimum wage; the number of those that are supporting families; the number that are single or teenagers; the number working only part time; the number of jobs that will not be created if the wage is increased; the amount by which the minimum wage exceeds or does not exceed welfare payments.

Now if there is one thing I have learned in looking at all these numbers is that they seem, all of them, to be elastic, although some are apparently more so than others. Of particular interest in that regard has been the issue of the effect of a minimum wage on overall job creation. It seems that every point of view has been able to produce a study confirming its side, ranging from nearly 1 million to 70,000 or less jobs lost, depending on who you want to believe.

Although this must be and always has been a subject of intense debate, it should not, in my judgment, be a primary issue for two reasons:

First, job loss or creation is one of the fuzziest concepts we have. In the abstract, admittedly, it is hard to dispute—maybe it is impossible to dispute—the contention that higher wages may cause the jobs of marginal workers or those of marginal businesses to shrink. But that is from the abstract. In every day reality, with few exceptions, the argument seems not to be about existing jobs that will disappear but rather about future jobs that may or may not be created. And yet that future reality is going to depend on so many other variables—general macroeconomic conditions, the size of the labor market, growth and productivity rates, interest rates, to name only a few—that it is really hard to take seriously an argument that a phased, reasonable increase in the minimum wage by itself will be decisive.

The history of past increases in 1949, 1955, 1961, 1966, 1974, and 1977 suggests that the dire economic predictions that are always made at the time of their enactment have generally not come true.

Second and more to the point, this is fundamentally a fairness issue and not a numbers issue. It is a question of insuring that all Americans share in our economic growth and recovery. There are, however, two numbers that are relevant and generally agreed upon. One is that the purchasing power of the minimum wage has fallen almost 30 percent since the last increase went into effect. The other is that the wage today represents about 35.5 percent of average hourly earnings compared to 46.2 percent in 1981, the year of the last increase, and 55.4 percent in 1968, not 11 years ago. These numbers explain why, in more than half the States, welfare benefits alone provide greater cash income than full time work at the minimum wage. In fact, some States, like my own, Pennsylvania, have higher minimum wages than the Federal one.

This suggests that there has been a clear shift in the balance. Those at the bottom of the wage scale are falling farther and farther behind. Whether these workers are mostly teenagers or spouses earning a second family income is beside the point. People are not working at this level because they want to but because they have to—their individual or family responsibilities require it and/or they lack the skills or education to earn more. There are other government programs to assist people at the bottom of the wage scale, but they all cost money and, while helpful and important, they do not obviate the central need—more income.

And that is why, Mr. President, I will support the minimum wage bill—out of a sense of justice, fairness and necessity, and, most of all, out of a sense of balance. We cannot write off those members of our society who are trying to make the system work for them. They are not on welfare, they are not seeking additional Federal assistance. Rather they are working—literally starting at the bottom. That bottom, unfortunately, has gotten farther and farther down the ladder. By raising it back up to the appropriate rung we restore in our institutions, provide economic hope to the poorest part of our population and give renewed hope to millions of Americans.

That is why we should pass this bill.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

HELPING THE WORKING POOR

Mr. CHAFEE. Mr. President, few economic debates are as politically charged as the subject of the minimum wage. In the words of economist Robert Samuelson, referring to the minimum wage debate:

> This debate will not be over helping the working poor, but over political symbolism. Raising the minimum wage involves the worst kind of backdoor spending and feel-good politics: people can say they're helping the poor when they're really not. Democrats are trying to paint the Republicans as cold, cruel, and heartless, while the Republicans are desperately scrambling to avoid this unpopular stigma. Whoever wins, the poor lose.

None of us in this Chamber wants the poor to lose. Therefore, we must not lose sight of whom we are trying to help in this debate: Those citizens who are locked in a cycle of poverty, caught between inadequate health care and a lack of job skills on the one hand and on the other the drugs, crime, and despair.

As we engage in this debate, let us keep two questions in mind: What is it that we are trying to do for the poor? And how can we best achieve it?

I support President Bush's proposal to raise the minimum wage by 27 percent, from $3.35 an hour to $4.25 an hour, phased in 30 cents per year over 3 years. I will vote for the Hatch substitute amendment to achieve this end. The Secretary of Labor has made it plain that any more expansive approach would be unacceptable to the President at this time because he firmly believes it would decrease job opportunities.

In addition, the President has made it clear that a meaningful training wage will be necessary for his approval of a minimum wage increase. This debate has largely become a battle of economic theories and statistics. Those of us supporting the President's proposal argue that it is a fundamental economic concept that as the price of any good or service increases, less of it will be purchased, and consequently, jobs will be lost. Those supporting an additional 30-cent increase dispute our theories and proffer their own.

Those of us supporting a 90-cent increase like to point out, and with good reason, that the economy—and this is a terribly important point to bear in mind—has generated more than 19 million jobs since 1982, and that jobs paying no more than the minimum wage have declined by 2.6 million, or 40 percent.

In other words, the number of people who are earning the minimum wage is getting smaller and smaller as this tremendous job creation that has taken place over the past 8 years has created more jobs, more demand, and paid higher wages.

The number of minimum wage earners has been cut in half from 7.8 million to 3.9 million in the last 8 years; that a record high 62.6 percent of Americans were at work in December 1988, and total employment climbed to over 116 million, and that the net employment change, by wage, over the past 6 years reveals that 18.4 million workers—an increase of almost 80 percent—entered the ranks of those wage and salary workers earning $10 or more per hour, while the number of those earning less than $5 per hour actually declined by over 8 million, or 30 percent. That is what has happened in this country over the past 8 years under the administration of Ronald Reagan and George Bush.

Today's minimum wage debate boils down not to economic theories or statistic-citing, but the 30-cents-an-hour difference between the administration's proposal and the Democratic compromise bill. I am not denigrating the difference between $4.25 an hour and $4.55 an hour. Thirty cents an hour, over the course of a 40-hour work week, adds up to $12. If you are poor, $12 is a substantial amount of money. However, $12, we have to recognize, does not buy much.

It is not enough to buy a worker job security. It is not enough to buy a person the reading and writing skills necessary to fill out a job application. It is not enough to buy job training skills. It is not enough to buy health care benefits. Twelve dollars is not enough to buy child care. It is not enough to buy a working parent time off to care for a sick child.

We must keep our eyes on our goals. Raising the minimum wage alone will not lift people out of poverty. If we are truly interested in helping the poor, there are more effective methods than boosting the minimum wage.

Raising the minimum wage by an extra 30 cents an hour is a simple, politically expedient approach to poverty. It requires the least thought and work. We can say we have done something; beat our chests and say "is that not wonderful?" But the hardest thing is to actually make a tangible difference in the quality of life of those who are poor—to debate the broader subject of poverty and its effects and implement policies and programs which attack its sources.

It is through considering and addressing such issues as child care, health care, education, and nutrition that we can truly have a positive impact on the lives of those who are poor or disabled. It is through examining and devoting more of our resources to programs like Head Start, WIC, Maternal and Child Health, Medicaid, AFDC, the School Lunch Program, the Vocational Education Act, the Job Training Partnership Act, and hundreds of Federal, State, local, and private sector efforts, that we can truly make positive gains in helping the poor.

Mr. President, integrated cooperative efforts from individuals, as well as the private and public sector, are essential if we are going to really do something about the poor in our country. My concern is that because of frustration and our inability to discover quick fixes to these problems, Members of Congress are frequently resorting to placing the entire burden of the solution on the private sector of our economy. I believe business has much to gain in addressing these problems of poverty. I think it has a responsibility, and I think business should be reminded of that. Indeed, I am active in doing that myself, as others are. But Congress cannot avoid our responsibilities. We cannot put the entire burden in the hands of American business.

If one adds up the cumulative impact of proposals that we are levying on business, such as mandating parental leave, mandating health care insurance, increasing the minimum wage, and many others, it is clear to me that, in some instances, Congress is abrogating its own responsibilities.

There is a labor shortage in our country, and what that does, it reveals in clarity the mismatch between the increased level of sophistication required in our workplace and the declining skill level of so many in our work force.

Now we get down to the crux of one of our major problems. Elizabeth Dole, Secretary of Labor, during the Labor Committee hearings during January, noted that 900,000 high school students drop out annually, and the rate of high school dropouts in some of our major cities is nearly 50 percent. Even those who remain in school are not necessarily prepared for better jobs, future jobs because 25 percent of recent high school graduates read below the 8th grade level, according to Secretary Dole.

Is a 30-cent increase in the minimum wage going to provide security assistance or long-term jobs for this group? Clearly not. This is an area that we should be devoting our attention to far more than we have been.

Mr. President, what we ought to be discussing is how to restructure Federal programs in order to keep children healthy, in order to keep families intact, to teach people how to read, to train those who lack skills.

Mr. President, it is my hope that in the days ahead, after we finish this debate on the minimum wage, we can turn our attention to these areas that I consider of such importance.

I would like to conclude by quoting from an editorial from the New York Times: "The issue," said the Times, "is not the minimum wage but minimizing poverty."

Some increase in the minimum wage is desirable, and that is why I support the President's proposal. But raising the minimum wage is certainly not a panacea. It may not help the poor as much as other policies we could implement, other programs we could fund.

Raising the minimum wage by an extra 30 cents an hour may help us feel better, but it does not help the poor move forward. In short, raising the minimum wage by an extra 30 cents an hour may be better than nothing, but better than nothing is not good enough.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. I thank the Chair.

(The remarks of Mr. SPECTER pertaining to the introduction of legislation are located in today's RECORD under "Statement on Introduced Bills and Joint Resolutions.")

EXTENSION OF MORNING BUSINESS

Mr. SPECTER. Mr. President, I ask unanimous consent, in accordance with the prior arrangement made, that the time for morning business be extended until 12:40.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. I very much appreciate the willingness of the presiding Senator to be willing to sit there. We had made these arrangements. I thank the majority leader for extending the time as well.

SENATOR HELMS BOASTS ABOUT NORTH CAROLINA POULTRY INDUSTRIES

Mr. HELMS. Mr. President, every schoolboy can identify the sports figure who once observed that "braggin ain't braggin if you can prove it." I think it is entirely appropriate that I spend a few minutes bragging about the North Carolina poultry industry.

For openers, my State of North Carolina has formally proclaimed the month of April as North Carolina Poultry Month. Gov. Jim Martin is on sound ground in doing so. The poultry industry provides for the livelihoods of countless small family farmers. It injects millions of dollars into the economy of our State. And it is North Carolina's largest food industry.

The poultry industry's future promises to be even brighter. It is the most diversified in the Nation, ranking first in turkey production, second in duckling production, fourth in commercial broiler production, and eighth in egg production. New technology, improvements in breeding, disease control, and advances in diet and nutrition have helped pave the way for this booming industry.

Mr. President, the poultry industry has always been quick to respond to the changing demands of consumers and that has led to dynamic growth and development. Per capita consumption of poultry has been steadily increasing because of competitively priced products and expanded production. This year analysts expect that poultry will account for nearly 38 percent of all meats consumed. The North Carolina poultry industry continues to benefit from this rising consumption by providing an increasing supply of nutritious, safe, and wholesome poultry products to the Nation's consumers.

Mr. President, again I am enormously proud of all who are involved in the North Carolina poultry industry, and I ask unanimous consent that the text of Governor Martin's proclamation of "North Carolina Poultry Month" be printed in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

NORTH CAROLINA POULTRY MONTH,
PROCLAMATION

North Carolina's poultry food industry represents the largest agricultural commodity of farm income, exceeding one billion dollars in cash receipts for farm families.

North Carolina is also the most diversified poultry producing state in the nation, ranking first in turkey production, second in duckling production, fourth in commercial broiler production, and eighth in egg production.

The poultry food industry employs thousands of our citizens and contributes significantly to the earned income of our farm workers. In this way, it not only bolsters our state economy but provides a nutritious, wholesome food to North Carolina families, and supplies markets worldwide.

Now, therefore, I, James G. Martin, Governor of the State of North Carolina, do hereby proclaim April 1989, as "North Carolina Poultry Month," and urge our citizens to recognize the importance of our poultry food industry in our state and to enjoy the taste and variety of poultry products.

NEVER BEFORE HAD THE GREEN BERETS LOST SO MANY IN ONE DAY

Mr. HELMS. Mr. President, on Easter Monday morning, March 27, the Raleigh, NC, News and Observer published a column by Dennis Rogers which was a touching tribute to the Green Berets.

Normally, in a case like this, I would offer some introductory remarks to emphasize my admiration for, and gratitude to, the Green Berets. In this case, however, Dennis Rogers has said it all. I merely suggest that all Senators may want to read the column written by Mr. Rogers.

Therefore, Mr. President, I ask unanimous consent that the column be printed in the RECORD at the conclusion of my remarks. I would add that I would have missed seeing the column had it not been for the thoughtfulness of my friend, Bob Pace of Chapel Hill, who sent it to me.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

NEVER BEFORE HAD THE GREEN BERETS LOST SO MANY IN ONE DAY
(By Dennis Rogers)

FORT BRAGG.—Two friends meet on the sidewalk. They look at each other without words, for what good are words on a sad, gray day like this?

Their eyes meet, and then one of them grasps the other's broad shoulders in a strong, but distant, embrace. The other man nods, a deep bond made stronger by the silent sharing of emotion.

These are brave men, fighting men, elite soldiers called Green Berets, trained to endure the many hardships of their chosen profession. But this, this senseless death that has touched them and brought them together, is hard, and it is beyond hollow words of sympathy.

On the night of March 12, a 30-year-old helicopter slammed into the hard desert floor of Arizona and exploded, killing 11 members of the 5th Special Forces Group stationed at Fort Bragg. And then, 32 minutes after spring officially began for 1989, the Green Berets had gathered to pay tribute to their fallen.

"This is the greatest loss of life ever suffered by Special Forces in one day in our 37-year history," Green Beret Maj. Don Gersh said. "Even in Vietnam, we never lost this many men at one time."

The Green Berets are more than merely soldiers who wear distinctive berets. Theirs is, and always has been, a small fraternity of highly trained, dedicated men who number no more than 7,500 troopers stationed around the world. They work in small, 12-man teams and more than any other military band of brothers, theirs approaches a priesthood. Green Berets believe in their Latin motto: "De Oppresso Liber"—"To Free the Oppressed." Green Berets proved that dedication in Vietnam, becoming the most decorated unit in that war. Among the decorations awarded to the 5th Special Forces Group are 17 Congressional Medals of Honor, the highest award for bravery this country gives.

Lt. Col. Thomas Davis, commanding officer of the 3rd Battalion, 5th Special Forces Group, stood before the assembled mourners gathered in the John F. Kennedy Memorial Chapel. Every inch the decorated professional soldier, he said, with great difficulty: "This is the hardest thing I have ever had to do. For two years, it has been my privilege to serve as commander of the finest troops in the United States Army. Today, some of those soldiers are not with us. We in Special Forces have always had a unique kinship with one another. Allow us to share your grief because we loved them, too."

But the men who died that night, including the four Air Force crew members flying the helicoper nicknamed the Jolly Green Giant, were more than just soliders on a training mission. They were husbands, fathers, sons, lovers and friends. More than 140 family members joined the Green Berets for the memorial service last Monday.

The lines of the "Ballad of the Green Berets" float through the morning still: "Put silver wings on my sons chest/make him one of America's best/he'll be a man they'll test one day/have him win his Green Beret."

These men won their Green beret: Capt. Alvin Lyn Broussard, 30; Capt. Alan Clyde Brown, 32; Master Sgt. Roger Dale Berryhill, 34; Sgt. 1st Class Larry Kent Evans, 30; Sgt. 1st Class George Anthony Wayne, 31; Staff Sgt. Kenneth Wayne Campbell, 26; Staff Sgt. Kevin Ronald Livengood, 29; Staff Sgt. Robert Lee Griswold, 27; Staff Sgt. John Warren Bigler II, 24; Sgt. Terry Mitchell Hollway, 28; and Sgt. Larry Dean Endress, 30.

The memorial ceremony held last week was in the richly decorated chapel where thousands of Green Berets have worshiped, prayed, been married and baptized their children between missions around the world. And it was in and around this chapel that other Green Berets came to pay their respects. Four hundred people took every seat inside and more than 1,000 stood silently on the sidewalk and in the street out front.

It was a brief ceremony, done with the quiet, heartfelt dignity that is the hallmark of military memorials. Gentle words were spoken, prayers were offered and medals were awarded to the fallen men who were represented on the altar by 11 pair of boots topped by 11 green berets adorned with the trademark black flash of the 5th Group. A squad of riflemen from the 5th fired a 21-gun salute and two buglers played the sad strains of "Taps" as those inside and outside stood silently at attention and saluted.

In back of the crowd, sitting and saluting in a wheelchair by the curb, was Davis Erwin: "I didn't know these guys, and I never served in Special Forces. But I was in 'Nam, and my recon patrol got hit. We were pinned down, and nobody would come get us out. All five of us were wounded, and just about the time I was ready to hang it up, a bunch of Special Forces came out of nowhere and got us out. I lost my legs, but they saved my life, and I never had a chance

to thank them. I came here today to say thank you to all of them."

The chapel and the street outside emptied when the service was over. The boots and berets sat at the front of the chapel, bathed in the light coming through a nearby stained glass window. On the window were the words spoken by President John F. Kennedy, the patron saint of the Special Forces: "We shall pay any price, bear any burden, to assure the success of liberty."

On the first day of spring 1989, the latest bill had come due and had been paid in full.

RECESS UNTIL 2:15 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:39 p.m., recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. SANFORD].

MINIMUM WAGE RESTORATION ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the pending business, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 4) to amend the Fair Labor Standards Act of 1938 to restore the minimum wage to a fair and equitable rate, and for other purposes.

Pending:

Graham Amendment No. 20, to change the rate and effective implementation dates.

The Senate resumed consideration of the bill.

AMENDMENT NO. 20

Mr. BUMPERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I understand we are under a time agreement; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. The time is being divided evenly. How much time does the Senator from Massachusetts have?

The PRESIDING OFFICER. Forty-five minutes to each side.

Mr. KENNEDY. Has a firm time been established for a vote?

The PRESIDING OFFICER. Only at the expiration of the 1½ hours.

Mr. KENNEDY. Mr. President, I yield myself such time as I might use.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, in just less than 2 hours, the Senate of the United States will have an opportunity to go on record whether we believe that the men and women in this country who are working 40 hours a week, 52 weeks of the year ought to be able to earn a living wage to provide for themselves, to provide for their families.

This country, Mr. President, over a period of some 50 years, has responded to that question six other times. The Congress and the Senate of the United States and Presidents of the United States have answered that question in the affirmative. This has not been a partisan issue. In the past, we remember that President Eisenhower voted and urged an increase in the minimum wage three different times during his Presidency. So over the period of the last 50 years, Democratic Presidents, Republican Presidents, Democratic Congressmen, and Senators have gone on record and said to those fellow Americans who are really on the bottom rung of the economic ladder who, in so many instances even today in a great majority of States, if they decided to go on welfare and receive AFDC and other transfer payments, would be able to have an hourly rate in excess of what the minimum wage is.

Still, there are hundreds of thousands, millions of Americans who have a sense of dignity in the value of work and want to go out and be a part of our whole economy and have a sense of pride in their employment. We are deciding that simple issue, Mr. President, whether those workers who are on the bottom rung will be able to not live in poverty in the United States of America. That is the issue. It is simple; it is clear; it is one that the Congress of the United States has addressed at other times.

The principal points that thave been made in opposition to this kind of increase is before us in the form of the Graham-Pryor substitute today. It will not restore the purchasing power for those individuals completely. It does not really give them a cost-of-living index going back for some 20 years. It does not say that even though we in the Congress of the United States say we will give a cost-of-living increase to the 32 million seniors of this country, and I have supported that, the elderly people of our Nation who have built this country and made it the great Nation that it is; we are not saying we are going to continue the cost-of-living increase that we have given to 2½ million members of the Armed Forces, which I have supported and actually initiated in the Armed Services Committee just over a year ago; it does not say that we are going to restore all the cost of living like we have done even for Federal employees, and I have supported that, as we find many of those who work in the public service of our country are falling behind in terms of the private sector.

About 40 million Americans have been able to get that cost-of-living increase, and all we are asking out here is are we going to first provide the cost-of-living return for those individuals since 1981 who have lost some 40 percent of their purchasing power? What are we going to do about that?

Mr. President, it seems to me that we have some debate about the total numbers that will be affected. It seems to me if you had 1,000, 10,000, 100,000 Americans who are prepared, it would still justify their increase. I fail to understand the logic of why you say you provide it for all those other individuals but not to fellow Americans who are working on the bottom rung of the ladder.

Mr. President, we have faced over the period of the previous 8 years an administration that basically stonewalled any efforts in the Congress of the United States to try and deal with this issue. Some 4 or 5 years ago, an increase of $5.05 was included to try and deal with some of the lost purchasing power previously. We have printed in the RECORD what the reaction of the American people all over the Nation is. Greater than 76 percent of the American people said yes to $5.05 with an indexation. We are not there, Mr. President; we are not there.

We have heard those voices that have said that is too much. So we fashioned the figure of $4.65 to try to provide for the restoration for that particular window. We are very hopeful that we would now, with the new administration, be able to work out an accommodation on this issue. We are eager to do it because of what it is going to mean to those working people and to their families eager to do that.

So in the course of our hearing, when Secretary Dole came to the Senate, we pointed out that this was more hopeful. We went for the restoration of the purchasing power. The administration went 70 percent of that way. They said they were concerned about other items and raising the ceilings in terms of the small business, ensuring this was not going to be an undue burden for those mom and pop stores across this country.

There are certain exclusions, in any event, but they wanted to make sure it would be more clearly defined. So we did that. Their recommendation is increase it to 500,000. We did that. They made a recommendation that we increase the tip credit from 40 to 50 percent. I had my own reservations about it because it will mean a diminution for those who work in restaurants. We are not as concerned about those who work in the fancy restaurants here in Washington, DC, but a great percentage of those who work in restaurants

work in the smaller restaurants across this country.

This said they want 50 percent. We said we will take it. We will take it. So it really left two final items, Mr. President. It meant the overall figure of the $4.65 versus $4.15 and the administration's commitment to what they consider to be what they call a training wage.

Secretary Dole came before our committee and talked about the elements of training, and made a very strong case in terms of training. I was sincerely impressed both by her knowledge and commitment in areas of training, and ensuring we are going to provide training opportunities to many of those in our society.

We have important pieces of legislation before our committee in the law at the present time, some of which we will review in this session, the vocational education, tax credits for various programs, and Job Corps. It is the 25th anniversary of the Job Corps. Even today they have important opportunities to moving people out of dependency and under the market.

So when the administration talked about the training provisions, we are certainly in support of training for young people, and strongly in support of our committee which has demonstrated that. Our concern was the replacement of heads of households, of workers with temporary workers in a spiral in which we just substitute the temporary workers for full-time workers that are trying to provide for their families. The administration came up with 6 months as a part of that training program. There is no requirement for training. We pointed that out during the course of the hearing.

Quite frankly, as the Urban Insurance Institute has pointed out, with a 6-month training period, you undermine in a very significant way the effectiveness of the increase in the minimum wage. But nonetheless, there was a division. I know division here in this body about whether we should not try for the first time in the history of the minimum wage to provide for some kind of a training experience. Even though I have serious reservations about that particular proposal, a proposal was crafted by the Senator from Florida and the Senator from Arkansas and others to ensure that kind of opportunity, a training opportunity, where real kinds of training should be available, and that this body ought to go on record at least to give that a try for a first job and for a limited period of time.

So quite frankly, Mr. President, we compromised again with the administration on the concept of being willing to add that kind of a feature of a training proposal into the measure which is now before the Senate. I commend both the Senators from Florida and Arkansas for the attention that they have given to that proposal as I have expressed. I have my reservations about it, but this is a legislative body. We have waited so long to try to provide some benefits for other individuals. We are here now. This is a proposal which I would certainly urge the Senate to support, and again comment to our colleagues.

So those are the areas, Mr. President, that we have tried to go along in terms of the administration, compromised on the job training program, we have compromised on the tip credit, and we have compromised on increasing the floor for small businesses. Three out of the four we have compromised.

We did not bring the figure of $4.65 out of whole cloth. I indicated in my earlier remarks where those figures came from. We are not prepared—I certainly am not prepared—to see something labeled as an increase in the minimum wage which is a sham. We will not do it. We reject it. But we are interested in still seeing if we cannot ensure that some benefits are going to be available to the workers who are making a minimum wage.

Mr. President, over the period of this debate and the debate that we had last fall, we addressed so much the principal arguments that have been raised against the minimum wage. We reviewed in detail what the economic impact has been, not based on studies prior to the enactment of the increase in the minimum wage, but what has been the real economic impact of increasing the minimum wage in the last 6 periods of time where we have increased it. Those reviews are well explained in our report and for any of those who are undecided, I do not believe they are, they can review that and do that very briefly. But you would have to see in those different reports the compelling case that this has not had the kind of adverse impact that has allegedly been suggested by those who have expressed opposition to this proposal.

You address those historically. We address those currently. We addressed it with regard to the youth unemployment. We have addressed it with regard to minority unemployment. I think any fair reading would find that the loss would be de minimis and measured against the projected increase of job oportunities by the administration's own Department of Labor which show it virtually has no impact, particularly when the Department of Labor studies indicate we are going to have a significant spread between available jobs and trained individuals as we come into the 1990's. I think that issue has been responded to.

We responded to the questions of adding to the points of inflation, and we reviewed again historically what the impact has been. Then we reviewed in very careful detail what the impact has been over the past 30 years. We also addressed, or we were prepared to address, what the impact has been in actual different States. For some of those who talked about the potential loss of jobs in their particular States, we are prepared to review in quite considerable detail what really happened in those particular States at the time that we had an increase in the past.

So, Mr. President, I think we have addressed those issues in terms of the impact on jobs, and the impact on inflation.

Next, Mr. President, we compared and contrasted what the wages were for these individuals in the different sectors of our economy which are primarily minimum wage sectors of our economy, the half-dozen that compose about 80 to 85 percent of the minimum wage. We compared that, we reviewed that in the variety stores, apparel, textile, serving stations, eating, drinking, and food stores. That comprises approximately 30 million of our fellow citizens. Those are the primary areas of minimum wage.

We contrasted that to what the increased concentration has been of the CEO's in those areas. It is absolutely shocking, Mr. President. Perhaps every one of those are worth their increases but we were talking about figures not of $20,000, $50,000, $100,000, $300,000 in compensation. We were talking about in some of these very areas, individuals who had increased their salaries from $877,000 to $4.279 million a year. Other individuals who went—bowling alley chains—a minimum wage from $1,065,000 to $2,630,000. We cannot afford the increase down here, but if you look at the various percentages and not only the hundreds of thousands, but the millions of dollars, Mr. President, we have to ask ourselves in good conscience why it is that we are not able to see the adjustment of the change and the justice for those individuals who are employed in those particular areas.

Mr. President, I believe that this case has been made. No, we have not been able to persuade all of our membership in support of the particular proposal that is now before the Senate, and which will be the first matter that will be voted on, and that is the Graham-Pryor amendment. But I feel that on issue after issue which had been of concern to the administration we addressed them.

Finally, Mr. President, I had hoped as one of those who had been a member of a task force chaired by Senator Dodd on the whole questions of Contra aid assistance, we were able to see progress made, in terms of working out an accommodation with the administration and the Congress on an

issue of very significant division in this country. We are really not divided as a country on this issue. The American people have made their minds up. We have seen the attempts which are being made—and we have heard about them during this luncheon caucus—to try and work out some accommodation in the savings and loan industry challenge which is affecting such an important part of our financial institutions, the effort to try and work together in this particular area. I am very hopeful that we will be able to do so.

We want to work with the administration, and most important, the people that will be affected, obviously, are not the people in this Chamber, not the people in the administration, not the people in the legislative branch, certainly by in large, but are going to be the people whose names we might have heard in the various committee presentations, the families that will be affected, the lives that will be touched, and they certainly deserve the best that this institution can offer.

Today we have that opportunity, and in a few minutes we will have the chance to send a very clear and important message, that their work as Americans has the respect of this institution, and that is really the issue that is before the Senate. I hope that the Senate will vote aye on the Graham-Pryor substitute.

Mr. President, I am agreeable to my friend, the Senator from Florida; since it is the Graham-Pryor amendment, I think it is probably appropriate that he have the opportunity to speak and spell out the amendments which will be the issue. How much time remains?

The PRESIDING OFFICER. Twenty-six minutes.

Mr. KENNEDY. I yield 10 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, we have arrived at a point in time when there is broad agreement that we need to increase the minimum wage. There is agreement that within that increase needs to be inserted a provision for a training wage for those persons who have not yet demonstrated the skills or the culture of the workplace, which is requisite to securing a full-time job, even at minimum wage.

This common agreement, this consensus, runs among the administration, the House, the Senate, Democrats and Republicans. We have a broad agreement on the basics of an increase in minimum wage and the need for a training wage.

On that second issue, training wage, the Secretary of Labor, Mrs. Dole, has said that a simple, meaningful training wage is an essential element of minimum wage increase. She also points out that the basic skills of employment, punctuality, cooperative spirit, and responsibility, are skills which are learned in the beginning job. We all agree there are special categories needed to encourage employers to hire the young, the inexperienced, the newcomers to the job market. We must now decide on such basic questions as the length of the training wage, and who shall be eligible for the training wage.

Mr. President, we have submitted a compromise that benefits employers and employees. Our training wage proposal is a proper balance between the need to train new workers and the need to set a fair minimum wage.

We want an incentive for employers to take a risk on the newcomer to the job place, and to bring that newcomer to a level of profitable productivity. We support, therefore, a reasonable training wage period, which we submit is 60 days. An employee could reach the 60-day threshold in various jobs but would have to be in the one job for at least 30 consecutive days.

We believe that this basic approach has extensive benefits in terms of encouraging the employer to take a chance on that newcomer, Mr. President. We also believe that it has proper safeguards to prevent it from being abused.

This legislation would create the circumstances that would encourage an employer, with the opportunity of paying $3.35 an hour or 85 percent of the then minimum wage, whichever were higher, to take a chance on that newcomer, to give that newcomer the opportunity to learn the skills to be productive, to learn basic culture of the workplace items such as timeliness, the importance of appearance, how to work in a team setting.

The objections to any of the various training wage proposals, and specifically to the one that is going to be presented by the Senator from Utah, is that they offer the potential of abuse, that an employer, rather than using them for the legitimate purpose of giving the newcomer a chance and giving the newcomer an opportunity to learn the skills that will allow them to become a full, profitable and progessing-in-the-job employee, that they would rather be used just to drive down wage rates.

We suggest that 60 percent is a reasonable period for an individual to be able to acquire the generally minimal skills associated with minimum wage jobs, and to demonstrate that they have learned what it takes to work effectively at an employment place.

We think, conversely, that 6 months is too long, and that the 6-month provision of the administration's bill, which would be one that would be restarted every time a person is employed, would be subject to churning, subject to abusive repetitive use.

We also propose that there be a limit of 25 percent on the number of employees that an employer could have on the training wage at any one time. That not only is a guard against abuse, it also represents the fact that there is a maximum number, a critical mass of low-skilled newcomers to the workplace that you can reasonably expect an employer to hire, if one of the objectives of that employment is to bring them up to a higher level of skills.

We also provide, Mr. President, that an employer could not fire a regular employee for the purpose of filling that slot with a training employee. I believe that those are all reasonable barriers, safety guards against abusive behavior, while still allowing the basic principles of a training wage to be in place.

Mr. President, as I indicated, there is a broad consensus that this is a reasonable addition to an increased minimum wage. I believe that we should follow the principle of training to readjust the minimum wage so that it has essentially the same purchasing power as it did when we last adjusted the minimum wage approximately a decade ago.

It is hard to believe that it was only 25 years ago when a person earning the minimum wage could afford to buy the minimum house that was being sold in most communities around America. Not only were we talking about a minimum wage that allowed an individual and their family to live above poverty, they could live with the dignity that is associated with home ownership.

Today we have no dignity; we have no prospect of a person on the current level of minimum wage being able to live above a level of poverty. I do not believe that Americans want to consign fellow Americans who are willing to work, who are anxious to support their families, but for whatever reason are restricted to the type of jobs that they can hold, to say that that American must be consigned to a lifetime in poverty.

Increasing the minimum wage would help us restablish the American principle that a working American is a dignified American. The training wage would give more Americans the opportunity to assume that position.

Mr. KENNEDY. We reserve the remainder of the time.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have listened carefully to the same arguments that I have heard over and over again on some of these issues. The fact of the matter is I think the President has been reaching out to the Congress of the United States. I sat through some of the negotiations in the White House and elsewhere with the administration. I can say that there were a number of people in the administra-

tion who did not want to make any offer from the administration because they knew what would happen is precisely what is happening here. No matter what the offer the administration makes, nor how reasonable it is, no matter that the President went more than 50 percent of the way, it is not going to be acceptable to our colleagues on the other side of the floor because really what it points out is that the minimum wage from the beginning has been a fiction that has been used by the other side to basically say they are for paying people a livable wage and the Republicans are not.

The fact of the matter is the very people to whom they claim they are paying a livable wage are the people who are going to lose their job under their proposal. The very people who are going to be hurt are going to be women, minorities, the poor, those who are disadvantaged, those who have no education, or no training or are underskilled. They are going to be the first to go when they are priced out of the marketplace.

Let me tell you something: This President said during the campaign, when he was Vice President and running for President, "I am for a modest increase in the minimum wage so long as there is a reasonable training wage."

Not only do they have a higher minimum wage than he thinks is essential because of the loss of jobs that will occur—and virtually every economist in the world agrees there will be a loss of jobs and a significant loss of jobs—but the training wage that he has suggested, which will save almost 170,000 jobs, is doctored by this proposal of my colleagues on the other side so that it will never work. It will never be efficacious. It will never be tested. It will never have an opportunity to show that we can in fact save jobs and help people at the same time.

The President went more than half way. I remember the arguments down there: "You should not offer anything," some said; others said, "Well, offer $4 an hour," knowing that would be inadequate, because we knew that would be rejected. Others said, "$4.10 an hour," and that would also have been inadequate.

Finally, the President said, "Look, let's go to a reasonable wage of $4.25," which certainly over 3 years will get people up somewhat, if there is any efficaciousness to that at all, and I do not believe there is much, especially when you consider the job loss, and that will save jobs between the $4.65 that the distinguished Senator from Massachusetts offered, and the $4.25 that the President offered, but let us have a reasonable training wage that works and let us have that extend for 6 months because we will save, according to the Department of Labor, 170,000 jobs. And we will offset the 650,000 job loss of Senator KENNEDY's proposal with the 170,000 job gain.

The fact is they took into consideration the needs of this body, the needs of the people, the fact that many, many jobs will be lost, the fact that those who are minorities and women will be hurt, and they balanced it and tried to come up with a reasonable approach that would bring consensus and bring people to the bargaining table so that they could take it.

Now, he said, "I will go up to $4.25." He did not want to go that high. Nobody who understands what really happens with the minimum wage really wants to increase it, except for those who have the fond hope that maybe it will do some good. The fact is it does a lot of harm. Let me give you an illustration.

This shows the percentage of 16- to 24-year-olds with jobs, between the years 1980 and 1988. The last time we passed a minimum wage increase was in 1978, as I recall, and the last increase was in fact 1981. So this shows 1979, 1980, 1981, right on up to 1988.

When the minimum wage increase was passed, between that and 1982 when the last implementation came into effect, look at the percentage of 16- to 24-year-olds with jobs. It almost drops straight down.

And, frankly, when does it start up? During the Reagan years with Reagan economics, called Reaganomics, a term of derision in those days. You do not hear that today after better than 7 years of economic advancement and opportunity in this country based upon the free enterprise systems, part of which was let us not increase the minimum wage because it costs jobs to the very people these people claim they are trying to help. And look at how teenage jobs shot up. The graph makes a pretty good case during that period of time.

If we take the majority's approach toward the minimum wage or even the Graham-Pryor-Mitchell-Kennedy approach, the fact of the matter is that by either of those approaches this chart still maintains the same. You might save 50,000 jobs by going down 10 cents from $4.65 to $4.55 an hour, at the most, and that is really giving them the benefit of the doubt. You might save 50,000 jobs. The fact of the matter is if we go with the majority's approach, we are going to lose basically 650,000 job opportunities at $4.65 an hour, so that will come down to about 600,000 at the best. Of those opportunities, about 200,000 would be offset, if we take the President's $4.25 an hour ultimate approach. If we take the President's training wage, we would save 170,000 more. On the tip credit that the President has offered, we will save 36,000 more, and everybody is pretty well agreed on that, and then the small business exemption would save a little bit more.

The fact of the matter is that the President's approach is a far superior approach. He acknowledges that there is a sentiment in this country through the polls and through those in the majority, he acknowledges the majority that there has to be an increase in the minimum wage, but he is saying, "Let's not go out of line here," because what you are going to do is cost so many jobs and hurt the very people you claim you are supporting.

Really, if you stop and think about it, I think it is important to just show the geographic distribution of minimum wage earners by census region. The South has 43 percent of all minimum wage recipients. How could any Southern Senator vote for a massive increase in the minimum wage to $4.55 an hour? The Midwest has 29 percent, the West 14 percent, and it is easy to see why Senator KENNEDY loves this bill, because they only have 14 percent of minimum wage recipients.

But now look at this: The fact of the matter is there are 3.9 million minimum wage earners in this country. There is a working age poverty population of 20,698,000. The minimum wage population is 3,927,000, 72 percent of whom are single people; 60 percent are between the ages of 16 and 24; 66 percent of them are part time. Of those who are heads of household or those who are employed heads of household living in poverty and earning the minimum wage there are 336,000. The overlap is this little green percentage right here of the two circles.

So this is not an issue of trying to get people up to a livable wage because the vast majority of those on the minimum wage, the vast majority are literally are those who are 150 percent above the poverty level. They are teenagers. They are young people. They are people who do not need to work or they are people who have a part-time job.

The fact of the matter is there are 336,000 who really suffer. We ought to directly attack that, and raising them to $4.55 an hour over 3 years is not going to alleviate their suffering because if you do that, if you raise that, every time the minimum wage goes up you have a ratcheting effect; everybody else's wages go up. If a person is making $4 an hour when the first minimum wage increase goes up and let us say the minimum wage goes up to $3.65 in 1989, they have to go up to $4.41 at least. If it goes up to $4.25, they have to go up to $4.76; if it goes up to $4.65, they have to go up to $5.15 an hour, and everybody else goes up except those who are making a lot of money in our society.

So by the time you get through with the ratcheting effects, inflation, the

dent to every consumer in this country and back to the Carter years, the very increase that they have gotten which is supposed to do so much compassionate good, is taken away from them.

It would be a lot better to face this thing economically, and if we have working poor, and we have 336,000 of them, let us have an earned income tax credit refundable and get them up to the level where they can support their families; $4.55 within the next 3 years is not going to get them there. It is just that simple.

If you go a little bit farther here and look at what happened under the Reagan administration, while the minimum wage stayed level at $3.35 an hour from 1981 on, between 1982 and 1988, minimum wage recipients, those who receive the minimum wage, dropped 8.1 million people. Those who were on the minimum wage went down to where there is only 3.9 million today.

Now, why did they go down? The fact of the matter is those who make between $5 and $10 an hour went up by 5 million people under the Reagan years, and those who made more than $10 an hour went up 18.4 million people. My goodness gracious, that ought to tell us something. I am sure you can jockey the numbers any way you want to, but those are the facts.

The economics seem to suggest that the minimum wage is a dog and that it helps nobody except those who are on the top level, those 10-buck an hour or more people, who then make higher wage demands.

If Senator KENNEDY insists on increasing the minimum wage 39 percent to $4.65 an hour, or slightly less than that, to $4.55 an hour, by voting for the Graham substitute, then you can absolutely count on a lot of jobs being cut out and a lot of people not given the opportunity, those who are unskilled, undereducated, and incapable just being drummed right out of the work force.

And if you use the training wage that Senator GRAHAM has described, basically it is a negligible thing that will not make a difference at all. The President's training wage does. If you add that all up, it is a pretty serious set of facts here.

I think that what happens is those who make over $10 an hour or more, they then can make their demands at the top. And it has been used for that for years and people are catching on.

Now President Bush said:

> Look, I am willing to go—even though I think it is a lousy idea—because there is public sentiment to do that, I have to say I will go along with it, even though I think a minimum wage is an archaic, ancient custom that really deserves to be knocked out.

He said:

> If you will give me my training wage, which will save 170,000 jobs, and you go to $4.25 an hour, I will do it. I will go better than halfway with you. I will do it. We will see what happens.

And maybe the training wage will prove, once and for all, if it is a true training wage, that literally the free enterprise system works, as I think Reaganomics proved it works. And, of course, we would not have to put up with the archaic, outmoded, historical fiction of the past called the minimum wage, which has done so much to keep minorities and women in poverty.

Well, I do not think any one argument against the minimum wage is the total argument. There are overwhelming arguments against this fiction which has gone on for years. It is loved by those who are in organized labor in our country. Why? It is a wonderful tool for them. I cannot blame them. I think they are smart to advocate it, because if you push it up 39 percent on the bottom, they certainly can make any kind of a demand at the top. They can say, "Everything else is going up; we have to go up, too," even though it basically does not affect them. The way it affects them is it stultifies the economy, it leads to inflation, and, of course, puts us right back in the Carter years where we were.

Why do we want to return to that? There seems to be such a desire to go to the Europeanization of America, the Wall Street Journal said. Why do we want to return to the Carter years when we have had, yes, difficulties and pockets of resistance and difficulties, but, by and large, a recovery that has been going on now for 7 years.

Well, there is a lot I would like to say on this. But, basically, let me just say that I would like to point out some of the major flaws in the Democratic substitute but I will reserve those remarks until after my Democratic friends have had a chance to speak on this.

I reserve the remainder of my time.

(Ms. MIKULSKI assumed the chair.)

Mr. KENNEDY. Madam President, I yield myself 4 minutes. I know the majority leader wants to speak on this issue.

Madam President, just to respond to what was suggested by the Senator from Utah about New England not having as many people working on the minimum wage. As the Senator from Utah knows, all of the New England States have a higher minimum wage than the Federal minimum wage. So the reason we do not have the numbers is because the States have a higher minimum wage. I thought that we ought to correct that for the record.

Madam President, on the old questions about the estimate of the number of people that will lose their jobs, the figures which have been quoted by the Senator from Utah are the inflated figures provided by the Chamber of Commerce. All of us understand that.

Business Week, not known as a flaming liberal magazine, has estimated it would be less than 100,000. The CBO figures estimate it to be anywhere from 125,000. Anytime you are going to get some increases in wages it will have some corresponding reaction. You are talking about the Department of Labor increasing employment growth by 5.2 million by 1992. So we are seeing a very expanding growth and, therefore, the job loss will effectively be negligible.

Madam President, the Senator talks about ratcheting up. What is wrong with ratcheting people up to the restoration of the purchasing power of the minimum wage? We are ratcheting up all these various individuals—variety stores, apparel and textile, retail, service stations, eating and drinking, food stores. They all make up about 40 million Americans and these are the minimum wage jobs.

I am for ratcheting up—if that is the question, you bet I am—to make sure that those individuals are at least going to be able to have a livable wage.

There are questions about who would be affected, Madam President. The Bureau of Labor Statistics says 4.6 million individuals who are living in poverty, families living in poverty, will be affected—4.6 million people will be affected. Those are either heads of household, or the children working part-time. Those are the figures of this administration or the previous administration's figures, Madam President.

I will not debate the question of the earned income tax credit, because the administration has not even suggested it or supported it. And I do not know where they are going to get the tax revenues to support that, Madam President.

Finally, for this part of the debate, Madam President, we passed, with a good deal of our colleagues' support—I believe the Senator from Utah supported the Welfare Reform Act—he did not support it. We did have bipartisan support on that issue, and I will put the names of the members of the Republicans and Democrats alike in the RECORD. But we had an overwhelming majority of both parties.

We will expand $3.5 billion to get 50,000 Americans out of poverty, according to CBO. According to the Urban Institute, with this increase, we are going to get 200,000 families out of poverty. For every 50,000—say it is just 50,000—that has a savings of $500 million on the budget and saves the States $500 million. If you get 100,000 of those 200,000 who are receiving support, welfare support or other dependency, you save the Federal Govern-

ment $1 billion and the States $1 billion.

I ask, as we come to conclude this debate, why are our friends on the other side prepared to pay taxpayers' money to get some people out of poverty and yet turn the other way when it comes to nontaxpayers to get people out of poverty, that can actually save taxpayers money?

Madam President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Madam President, how much time do I have?

The PRESIDING OFFICER. The Senator from Utah has about 29 minutes.

Mr. HATCH. I thank the Chair.

Madam President, I think it is pretty important to point out that only two States have average family AFDC benefits greater than working full-time at the current minimum wage; only two States. I think there has been some misrepresentation on that in the past debate. Those two States are Alaska and California. So welfare is hardly an economic alternative to working at a minimum wage job.

I think it should also be noted that a study by the Ohio State Center for Human Resources Management found that those employed at the minimum wage in 1981, regardless of educational status, actually experience substantial wage growth subsequent to holding that job. The vast majority of those people.

Senator GRAHAM'S proposal, to which Senator KENNEDY has subscribed, eliminates 600,000 of those.

That proposal of Senator GRAHAM reduces it from $4.65 down to $4.55. That reduction will save at the most 50,000 jobs, which certainly does indicate the 650,000 jobs will be lost under the Kennedy program. The changes in the Fair Labor Standards Act are supposed to offset projected job losses, but those are flawed.

With regard to the training wage, the training wage that President Bush has offered is a permanent training wage. Their's sunsets at the end of 3 years and if we make it permanent, we would save 14,000 more jobs just because of the permanency of the training wage. Like I say, their proposal sunsets at the end of 3 years.

There will be no training wage after the minimum wage reaches its highest level, therefore there is no job saving offset. And I personally have to point out that with the way it is written on the Democratic side in the Graham proposal, there will be no training wage because there is no way it can work. In fact, it lays the whole process open to more regulation by the Department of Labor and makes it almost impossible to have a training wage work. The President's will work.

Under the Graham proposal, for first hires only, it creates additional burdens and liability for business. Employers will not use the wage to preserve entry level jobs because it is not worth the paying, the way they have written it. And it has been cleverly written that way because organized labor hates the training wage. They are afraid it will work. And if it does, it flies in the face of decades of organized labor arguments.

They are deathly afraid of a real training wage.

I might add that the Graham training wage implies a formal training component, and I can guarantee you that employers are not going to use it if it costs more to hire at the training wage than it does at the new minimum wage. Why would they use it? Of course, that is the genius behind what the distinguished Senator from Florida and his cosponsors, actually, are doing here. It is genius that basically ensures that their training wage will not work. The age is only 85 percent, and may extend only for 60 days. This is even less incentive to employers.

Under the President's program it is $3.35 the first year; 80 percent thereafter, and extends for 6 months. And it will save 170,000 jobs. That is something worthwhile.

I might add, their approach has no incentive for employers, or at least less incentive for employers, especially when you add to it the increased risk of liability for any violations they might make. And, in new laws, there are generally some violations or at least some misunderstandings as they are implemented.

Employers may use the training wage for only one-fourth, under the Graham proposal, of total hours of employment. That means a store owner with 40 employees could not hire 11 full-time workers at the training wage.

So it is even more limited there. I question whether it would ever work under any circumstances the way it is written. And if it does not work, why do it? And, of course, that is what many would like anyway. Let us not do it at all because organized labor does not want it.

But that is nothing new. Organized labor has been against new ideas for the past 8 or 10 years; from the standpoint of job training and employment and minimum wage. They are at the forefront of some new ideas, I had better make that clear, because I cosponsored the polygraph protection bill last year that passed both Houses of Congress, and Senator KENNEDY and I worked very hard on that to get it passed, as well as others in this body.

Under the Graham approach, it requires a minimum wage of $3.85, an increase of 15 percent over the current minimum, for newly exempted small businesses. This provision offsets job savings which might be realized by raising the enterprise test.

So, I really do not think it is a program that anybody would really want to support. Of course, that is the very idea. They will support it but mainly to get the minimum wage to $4.55, knowing that it will never work at a true training wage. And that is what President Bush is upset about.

Senator Kennedy says that we can absorb the increase due to job growth. He said we are going to increase jobs in our society. But this growth, predicted by the Department of Labor, is in higher paying jobs. Certainly not entry level jobs. And there is a massive growth in that and it is primarily coming because of the last 7 or 8 years of economic advancement in this country. Four million-plus people, the distinguished Senator from Massachusetts says, are affected by this increase because it means jobs for anyone now earning any wage under $4.55 an hour are in jeopardy. Not just jobs at the current minimum.

I also think there is serious error in the CBO job loss estimates, upon which Senator KENNEDY is relying. Let me make that point. The low estimates from the Congressional Budget Office I think are a little suspect. The method CBO employed to reach this particular number are incorrect. Let me explain with the help of a letter I received from Dr. Michael Boskin, the former distinguished professor of economics at Stanford and now chairman of the President's Council on Economic Advisers. To estimate correctly the effect of a minimum wage increase the proposed minimum wage must be compared to the status quo situation. To do this, $3.35 an hour must be converted to a percentage of the average projected wage in 1992 and compared with the $4.65 as a percentage of the average hourly wage in 1991.

Unfortunately, the distinguished Senator from Massachusetts is relying on a job loss estimate based on a faulty comparison between the ratio of the minimum wage to the current average wage, and the ratio of the proposed minimum to the projected average wage. In other words, this mistake means that the Congressional Budget Office estimate does not account for jobs which would have been created if the current minimum's relative value were allowed to continue to decline.

He is relying upon faulty statistics and faulty analysis by the Congressional Budget Office so his arguments in that regard should not be given much attention.

Madam President, when George Bush was campaigning for President last fall, he said he would support a modest increase in the minimum wage, provided that the legislation included an effective wage differential—which

we have been calling a training wage or new hire wage—which would encourage employers not to eliminate entry-level jobs. He did not say that he thought increasing the minimum wage was a great idea. He did not say it would be a tremendous benefit for low-income families in America. On the contrary, the President fully understands the adverse impact of a minimum wage increase—particularly a 39-percent increase such as Senator KENNEDY has advocated.

But, as President, George Bush will be true to his word. Since he cannot support S. 4, or its House cousin, H.R. 2, he has stated specifically what he can support. His compromise is a serious, good faith effort toward achieving the minimum wage increase many in this body have been seeking.

He could have submitted a proposal for a token raise. He could have offered $3.85 or $4 as his top rate, and then we could have engaged in nickel and dime negotiations for 3 months. President Bush decided to play it straight with Congress and with the American people. He gave us his sincere, best offer, and he has pledged to stick by it.

He has proposed an increase in the minimum wage to $4.25 in three increments of 30 cents each. That is an increase of 27 percent. That is meeting the Senator from Massachusetts more than halfway. Frankly, as my colleagues all know, I would be happy if we did not increase the minimum wage at all.

But, I have to admire the administration for the way they have handled this issue. They have proposed a compromise that addresses the concerns both of those who believe a minimum wage increase is necessary and those who are troubled by its effects.

Madam President, I am one who falls in the latter category. I think we need to recognize those effects. They cannot be minimized. They cannot be swept under the rug.

Senator KENNEDY challenged some of the estimates of job loss that I cited in my opening remarks on the minimum wage. Since this is such a key point in this debate, I think it is worth a little of the Senate's time to go through this again. Frankly, if we enact a minimum wage increase of any amount, we must be prepared to sacrifice jobs. There simply is no way around this fact.

First, Senator KENNEDY criticized the finding by Robert R. Nathan Associates that 882,000 jobs would be lost given a minimum wage hike to $4.65. The Senator suggested that because the study was conducted for the retail industry it is somehow tainted. Frankly, I do not believe that a firm headed by Robert Nathan would deliberately cook the numbers so they would come out with the highest of all the job loss estimates I have heard in this discussion. That is ridiculous.

And, let me also clarify that I do not necessarily agree with all of the job loss estimates I cited in my opening statement; but, I think it says something very important when we have unanimity on the fact that hundreds of thousands of jobs will go down the drain if we pass this bill.

Frankly, the low estimate from the Congressional Budget Office is a little suspect. The methods CBO employed to reach this particular number are incorrect. Let me explain with the help of a letter I received from Dr. Michael Boskin, formerly a distinguished professor of economics at Stanford and now Chairman of the President's Council of Economic Advisers.

To estimate correctly the effect of a minimum wage increase, the proposed minimum wage must be compared to the status quo situation. To do this, $3.35 must be converted to a percentage of the average projected wage in 1992 and compared with the $4.65 as a percentage of the average hourly wage in 1992. Unfortunately, the Senator from Massachusetts is relying on a job loss estimate based on a faulty comparison between the ratio of the minimum wage to the current average wage and the ratio of the proposed minimum to the projected average wage.

In other words, this mistake means that the CBO estimate does not account for jobs which would have been created if the current minimum's relative value were allowed to continue to decline.

Senator KENNEDY also invited us to take a look at the record and at what happened after previous minimum wage increases. Well, I am happy to do that. But, I think we need to keep things in perspective.

First, we need to remember that the coverage of the Fair Labor Standards Act has been extended gradually over the last 50 years. In the past, job losses have been alleviated somewhat because workers were often able to find jobs in the uncovered sector. Today, there is very little of the labor market that is not covered by the minimum wage law.

Second, we have the findings from a survey conducted by the institute for Social Research at the University of Michigan which was commissioned by the Minimum Wage Study Commission. The Institute was asked to find out what the actual response was to the minimum wage increases in 1979 and 1980 of 9.4 percent and 6.9 percent, respectively. Keep in mind that the first year's increase alone under S. 4 is nearly 15 percent. Let me quote just one paragraph of this report:

Approximately one-tenth of all employees and more than one-fifth of all minimum wage employees worked in establishments that reported a disemployment effect. From an exposure point of view, these results are significant. [Page 269]

These disemployment effects included cancellation of plans to hire additional workers—11 percent, of the establishments reduction of employee work hours—9 percent, discharge of current employees—7 percent, and jobs left vacant after workers voluntarily left their employment. Forty percent of the establishments with employees earning less than the new minimum reported raising the wages of other employees to maintain the wage differentials. One-third raised prices.

These effects were not imagined. They were real. It is possible to have these adverse reactions to a minimum wage increase and still have increase in overall employment and drops in unemployment rates.

The reason why is really quite uncomplicated when we stop to think about it. University of Michigan economist Dr. Charles Brown explains that during the time the economy was growing, the real minimum wage has been falling.

The Council of Economic Advisers makes the same observation when commenting on the unpublished research of Allison Wellington, which the majority relied upon in its committee views. Dr. Boskin also points out the error of suggesting that employment is not sensitive to wages even though other economic factors play a role. I ask unanimous consent that the letter to me from Dr. Michael Boskin be included in the RECORD at this point. I would also ask unanimous consent to include in the RECORD a second letter from Dr. Boskin, dated April 10, along with an analysis of Allison Wellington's paper done by the Council of Economic Advisers. If anything, the Wellington paper seems to support the administration's findings on job loss.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HATCH. Very honestly, given this analysis, I could not stand here today supporting an increase of any amount unless there were provisions designed to help those individuals who are bound to be left out in the cold if the minimum wage is raised.

The President's proposal contains such provisions. He has proposed a wage differential that would allow employers to pay—and workers to accept a wage of 80 percent of the minimum, or $3.35 an hour, for a period of 6 months provided that other workers are not displaced. This proposal provides the incentive for businesses not to eliminate entry-level jobs—an incentive that is absolutely essential if we elect to increase the minimum wage by 36 percent, 27 percent, or 10 percent.

Teenagers and other inexperienced workers are the ones who are hurt by

arbitrary increases in the base wage. Labor Department data, shown on this chart, indicate declining employment percentages for teenagers and young adults when the minimum wage was raised in 1979, 1980, and 1981. Employment for this group does not start back up again until 1982.

The labor force participation rates for young black men, particularly for those in the 16 to 17 age group, show that young minorities are seriously affected by minimum wage increases.

These findings were corroborated by Prof. Finis Welch of UCLA who testified that the adverse impact of a minimum wage increase would fall disproportionately on black teenagers. He pointed out that today a black teenager was only half as likely as a white to be employed despite overall gains in minority employment during the last 6 years.

And, Madam President, we will be sadly mistaken if we think that these teenagers will automatically get jobs when they turn older. I am reminded of the testimony presented to the Labor and Human Resources Committee back in 1985 when we were considering another proposal for a youth opportunity wage. The National Conference of Black Mayors, which had endorsed President Reagan's proposal for a youth wage in 1986, presented disturbing testimony about the joblessness of many young people and where it leads. Mayor Marion Barry, who was then president of the National Conference of Black Mayors, testified on behalf of the association. He said:

> If we are not careful here, we are producing a generation of young people who have never held a job. And I think that is a dangerous situation for us to be in, where you have people at 23, 24, and 25 years of age who have never held a job.

During the same hearing, Mr. Angel Lopez, then national chairman of SER-Vobs for Progress, a national organization dedicated to expanding opportunities for Hispanics, commented on his own experience:

> Given the option of no job versus a job that paid less than the minimum wage, there is no question in my mind as to what I would have done. I am equally certain that if my first employer had been required to pay the prevailing minimum wage, I would not have been employed.

The National Conference of Black Mayors, SER, and other national organizations which endorsed the 1986 youth wage proposal were not against the minimum wage. Many of these same groups may be supporting S. 4 today. But they also recognized the impact the statutory wage floor has on the unskilled and the inexperienced. Obviously, a higher minimum wage means a higher hurdle for these individuals to jump over.

We simply cannot pass a minimum wage increase without taking the tremendous loss of entry-level jobs into account. I will reiterate a point I made earlier: How do we expect a teenager to walk into a business and get a $10-an-hour job? How do we expect a person who cannot read or do basic math to get a job paying $10 an hour and which requires commensurate education and skills? We have to have entry-level jobs in this country.

The bill being offered by Senators on the other side of the aisle is well intentioned, but it won't do the job. Lowering the top rate to $4.55 saves—at the most—50,000 jobs. Even the change in the enterprise test will not help significantly since it requires the first increment of the wage increase to be implemented.

A 2-month training wage with all the terms and conditions included in this amendment would save only about 14,000 if the training wage were a permanent feature of the FLSA. Unfortunately, the amendment being proposed by the majority leadership calls for a sunset of that authority after 3 years. That sunset occurs at the same time the third installment of the increase takes effect and reaches its new top rate. So, when the minimum wage is the highest, there will be no training wage. Does this make sense to anyone here?

The President's proposal for a training wage is simple, easier to enforce properly, and provides a far more effective incentive for employers to use this special wage to preserve entry-level jobs.

This chart shows the job savings that come from the substitute proposed by President Bush. The new hire wage will offset 169,000 jobs. This wage differential, together with a reduction in the top rate to $4.25, and the tip credit and small business provisions, will offset 423,000, or nearly two-thirds of the job loss projected under S. 4.

And, for those who believe an increase in the minimum wage is important, the President's alternative provides a 27-percent increase. The administration's compromise strikes a good balance. It recognizes both the importance many attach to the minimum wage and its periodic increase and the dangers such increases pose to the unskilled and inexperienced workers in our society. I urge all Senators to consider it carefully and join us in supporting it.

EXHIBIT 1

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS,
Washington, April 6, 1989.

Hon. ORRIN G. HATCH,
U.S. Senate, Washington, DC.

DEAR SENATOR HATCH: As you know, the Committee Report for Senate Bill S-4 criticized Administration estimates of job losses as being "severely overinflated."

The Report argues (wrongly) that Administration estimates "ignored the relationship between the minimum wage and the average wage," thereby overstating the impact of S-4 on future levels of the minimum wage when compared with future levels of market wages.

The Report also claims that the Administration numbers are based on "outdated" estimates of disemployment effects, because they derive from studies that include data only through 1979 (or earlier). While the latest work by Allison Wellington (which includes data through 1986) does show smaller gains from reductions in the real minimum wage than earlier studies, there are a variety of reasons to question whether the more recent evidence can be used to project the effects of a large rise in the minimum.

On the first point, the committee report noted (correctly) that: "In virtually all job loss studies, the accepted methodology is to estimate the impact on the change in the minimum relative to the average wage, * * *"

The correct approach to measuring the impact of the increased minimum in 1992 is to compare the $4.65 minimum against a scenario in which no rise in the minimum occurs. Following the standard methodology (as we always have), it is necessary to estimate the current $3.35 minimum as a percentage of the average wage in 1992. Based on the Committee's own projections, this ratio will be 31.4 percent in 1992, as compared with a ratio of 43.6 percent if the minimum is increased to $4.65.

Thus, the appropriate comparison is one between a minimum wage equal to 31.4 percent of the average wage and a minimum wage equal to 43.6 percent of the average wage. However, this is not the comparison made by the Committee. Instead, the Committee has compared the projected ratio of 43.6 percent with the current ratio of 36.1 percent.

The Committee's use of the current ratio is equivalent to assuming a minimum wage equal to $3.85 in 1992, and then using this $3.85 figure as the basis for comparisons with the proposed $4.65 minimum. The Committee's calculations thus ignore the extra employment that would be generated by letting the relative minimum decline below its current level.

Regarding the second point, past "econometric" evidence (based on data prior to 1980) suggests that when the ratio of the minimum wage to the average wage rises by 10 percent, employment among teens (age 16–19) fall by roughly 1 percent to 3 percent, while employment among young adults (age 20–24) falls by roughly ¼ to ¾ of 1 percent. Given that about 6.8 million teens and 13.2 million young adults were employed in 1988, these percentage losses translate into roughly 160,000 jobs for each 10 percent increase in the ratio of the minimum wage to the average wage. Given that S-4 implies a 39 percent increase in the minimum wage relative to the average wage (43.6 is equal to 139 percent of 31.4), these numbers imply a loss of roughly 650,000 jobs.

Clearly, an important component of these calculations is the estimated percentage disemployment effect that would accompany any given change in the relative minimum wage. As described in the Committee Report and in the CONGRESSIONAL RECORD, recent work by Allison Wellington suggests that, when data from the 1980–86 period are included in the analysis, disemployment effects appear much smaller. This finding should come as no surprise. Between 1979 and 1986, the minimum wage fell from 47.1 percent of the average wage to a level of 38.2 percent, and yet the percentage of

teens employed actually fell over this period, from 48.5 percent to 44.6 percent, while the percentage of young adults employed remained roughly constant, rising only from 70.4 percent to 70.5 percent.

Obviously, if data from 1980–86 are included in the analysis, the disemployment effects of the minimum wage will appear smaller. The real question, therefore, is whether the anomalous pattern of change from the 1980's should be interpreted as evidence that employment is not sensitive to wages.

As an alternative explanation, it is possible that these patterns reflect changes on the (labor) supply side of the market. We know that school enrollment rates among teens and young adults have increased substantially over this period. It is possible that the lower employment percentages among teens reflect these changes. Moreover, and importantly, these patterns may reflect the unique experience of the 1980–83 period, when high inflation rates caused the relative minimum to decline by roughly 12 percent (despite a 15 percent increase in the statutory minimum), while the 1980–82 recession left unemployment at record postwar levels (19.9 percent for teens in January 1983).

We make these points not to "explain away" Wellington's findings. Rather, we simply point out that inferences drawn from these data are likely to be sensitive to the way one deals with cyclical and other phenomena, as well as how one tries to distinguish true disemployment effects from the effects of changes on the supply side of the market. Unfortunately, the data from which these estimates derive are not all that informative, and new results based on a period such as 1979–86, in which there was a major recession (the worst in the postwar period) should not be considered definitive.

Sincerely,

MICHAEL J. BOSKIN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS,
Washington, April 10, 1989.

Hon. ORRIN G. HATCH,
U.S. Senate, Washington, DC.

DEAR SENATOR HATCH: After I sent you my letter last week regarding the Committee Report for Senate Bill S–4, my staff was able to obtain a copy of the study by Allison Wellington (which updates earlier studies by including data for the 1979–86 period) referred to in the Committee Report. In contrast to the Committee's conclusion that the study suggests a smaller effect from an increase in the minimum wage than that estimated by the Administration using "outdated estimates," it is our conclusion after reviewing the study that the author's work actually supports the Administration's job loss estimates. As the attached document shows, the author reports several different estimates, but those which are best supported by the data indicate disemployment effects very similar to the Administration's estimates.

We continue to question the reliability of results based on the 1979–86 experience. If such results are to be quoted, however, we think it is important to note that Wellington's results do not unambiguously show smaller minimum wage effects than those estimated in earlier studies.

I hope this further information is helpful to you.

Sincerely,

MICHAEL J. BOSKIN.

FURTHER COMMENTS ON ALLISON WELLINGTON'S STUDY

After looking further at Allison Wellington's recent paper, "Effects of the Minimum Wage on the Employment Status of Youths: An Update," it appears that, if anything, her work actually supports Administration job loss estimates. Wellington reports several different estimates in her work, but those which are best supported by the data indicate disemployment effects very similar to Administration estimates.

The relatively small effects that supporters of the higher minimum cite most frequently in Wellington's work are based on the assumption that an increase in the minimum wage with coverage held constant will have the same disemployment effect as an increase in coverage with the minimum wage held constant. As Wellington reports, however, this assumption is generally not supported by the data.

Indeed, when Wellington's own "basic equation" is estimated in a fashion that allows these two effects to differ (see her specifications 9 and 10 in attached Table 1), she finds much larger effects for changes in the minimum wage than for changes in coverage:

"Lines 9 and 10 indicate that a 10% increase in the level of the minimum wage reduces teenage employment by approximately 1.8 percent, however the estimated coverage effect ranges from an increase [in the percentage of teens employed] of 0.38 percent to a decrease of 0.07 percent. From these findings, one would conclude that the important factor is the level of the minimum wage and that there are little or no coverage effects." [Wellington, page 11]:

These findings are worth noting, for they suggest that S–4, which combines a large increase in the level of the minimum wage with a small reduction in coverage, is likely to have disemployment effects very similar to those estimated by the Administration. Of course, these estimates are subject to all the caveats listed in our letter of April 6. Nevertheless, it should at least be clear from these numbers that Wellington's work *does not* unambiguously show smaller effects of S–4 than previously estimated.

Wellington chose not to emphasize these findings, apparently because she could not explain the differing effects of coverage and wage levels. However, this is no justification for ignoring what amounts to a clear and strong finding in the data, one which may be explained by cyclical phenomena or differences between those firms affected by an increased minimum and those firms affected by increased coverage. The fact that Wellington could not explain the results in lines 9 and 10 of her Table 1 does not mean that we should ignore these results in making policy.

Of Wellington's estimates, the least questionable for predicting the potential effects of S–4 are those which do not depend on arbitrary assumptions that are clearly inconsistent with the data. These are Wellington's estimates in lines 9 and 10 of Table 1, estimates which support previous Administration numbers.

TABLE 1.—ESTIMATED EFFECT OF A 10-PERCENT INCREASE IN THE MINIMUM WAGE ON THE EMPLOYMENT OF TEENS

[In percent]

Specification	Effect of	OLS linear	GLS linear	OLS logarithmic	GLS logarithmic
1. Basic	YK	[1] −0.89	−0.60	[1] −0.90	−0.65
		(2.36)	(1.36)	(2.41)	(1.41)
2. Basic − T2	YK	[1] −.99	−.78	[1] −.92	−.75
		(2.50)	(1.68)	(2.41)	(1.64)
3. Basic − SY	YK	−.59	−.58	−.61	−.58
		(1.48)	(1.23)	(1.60)	(1.24)
4. Basic − AF/P	YK	−.60	−.52	[2] −.67	−.53
		(1.66)	(1.12)	(1.95)	(1.17)
5. Basic − POP	YK	[1] −.86	−.69	[1] −.87	−.67
		(2.29)	(1.47)	(2.38)	(1.46)
6. Basic − TR/P	YK	−.37	−.53	−.34	−.59
		(0.83)	(1.19)	(0.72)	(1.31)
7. Basic + POPA	YK	[3] −1.60	[2] −.81	[3] −1.58	[1] −.89
		(4.85)	(1.75)	(4.72)	(1.98)
8. Basic + EN/P	YK	[2] −.54	−.70	[1] −.65	[2] −.76
		(1.71)	(1.62)	(2.14)	(1.84)
9. Basic + YC:					
Level				[3] −3.06	[1] 1.96
				(4.66)	(2.47)
Coverage				−.06	−.38
				(0.14)	(0.56)
10. Basic + YC + EN/P:					
Level				[3] −1.91	[1] −1.69
				(3.33)	(2.39)
Coverage				−.12	−.07
				(0.33)	(0.12)

Note.—Statistics in absolute value are in the parentheses below the coefficients.
[1] Significant at the 5-percent level.
[2] Significant at the 10-percent level.
[3] Significant at the 1-percent level.

Mr. HATCH. Madam President, I reserve the remainder of my time.

Mr. KENNEDY. I yield just 1 minute to myself.

Madam President, I will include in the RECORD the Congressional Research Service material, which is the maximum monthly AFDC and Food Stamp Benefit Program for a one-parent family of three persons. If you add that with the average payment of Medicaid, there is not a welfare benefit which will not be higher than even with the Graham $4.55 amendment. Not one State that will be higher.

What we are trying to do is get people off dependency, trying to work rather than being on the dependency.

I would yield 5 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Madam President, I rise to voice my support for the substitute version of S. 4, a significant improvement in my view of that previously before us. This proposition is a reasonable compromise. I have been listening to the debate and thus far the opponents have maintained only that there should be no increase at all in the minimum wage. All know that is not the position of the President and the vast majority of the House and Senate.

In my view, the time is right for an increase in our Nation's minimum wage. As many of you may recall, I did not support the increase in the minimum wage that was proposed just this past year. My view then, and one that I still believe, was that a minimum wage increase would have been quickly vetoed by President Reagan and that

there was insufficient support to override that veto.

A minimum wage increase then was a battle that could not be won, and I saw no reason in fighting the battle for symbolic purposes, especially in the middle of an important election period.

I am aware of the threat of our new President to veto any increase in the minimum wage that is not in line with his proposal.

I would submit, however, that this is an issue upon which reasonable people can differ. In such situations, negotiations and compromise are essential. Concern for our Nation's workers is not solely possessed by my Democratic colleagues, nor can it be solely claimed by those on the other side of the aisle. President Bush has signaled his concern by supporting a minimum wage increase, and I remain hopeful that he will see fit to negotiate and compromise a proposal that can overwhelmingly be approved by both the Senate and the House.

And, unlike last year, I am convinced that our differences on this issue can be resolved. Last year it was clear that any increase in the minimum wage would be vetoed by President Reagan. President Bush has taken a signficantly different view. We are now generally agreed that there will be an increase, and the debate is on how much and under what conditions.

I am not convinced the difference between the President's $4.25 and S. 4's $4.55, or only 30 cents, is of such significance that the former is wise and the latter is foolhardy. That reasonably small difference is not significant.

I am well aware of the claims that jobs will be lost and that inflation will result from an increase in the minimum wage. Nevertheless, both the President and the Congress have signaled clearly they want to accept that risk which is not a certainty. I submit that there are few bills signed into law that do not have some potential negative effects.

The question that is always asked and that must always be answered by each of us is whether the likely good that will come of a particular bill will outweigh the bad.

In my view, the opponents of a minimum wage increase have unduly focused on the bad and fail to properly weigh the good. It is undisputed, for example, that millions of Americans will have their incomes boosted by an increase in the minimum wage.

Those Americans have not seen an increase in the minimum wage since 1981. During the intervening years, inflation has seriously eroded the buying power of the current minimum wage.

President Bush, in making his proposal, simply made his own best calculations to what point the good clearly outweighed the bad. His proposal is an admission that the minimum wage can be raised in the view of the administration without causing severe unemployment or unnecessarily fueling inflation. My differences with the President are but a matter of degree. I am willing to raise the minimum wage slightly higher than the President. In making that decision, I am influenced by the fact that even a raise to $4.55 an hour will not bring the minimum wage to the buying power that it held in 1981.

Nebraska's economy is not the same as what exists on our coasts and in our large urban cities. There exists a significant difference between the cost of living in one of Nebraska's small rural communities and the cost of living in Washington, DC, for example. But, a person working a full-time job at our current minimum wage would earn but $6,968 per year. Even in Nebraska, it would be extremely difficult to support a family on $580 a month.

Many have and will argue that most minimum wage workers are not supporting a family. Perhaps that is true. To me, however, that argument misses the point. There are hundreds of thousands of honest, hard-working Americans who are trying to make ends meet and who are relying upon minimum wage jobs. Those citizens are the least educated and skilled in our Nation.

The PRESIDING OFFICER. The Chair advises the Senator from Nebraska that the 5 minutes yielded to him by the Senator from Massachusetts, who is controlling the time, has expired.

Mr. KENNEDY. Madam President, does the Senator from Nebraska want 2 more minutes?

Mr. EXON. Three additional minutes.

The PRESIDING OFFICER. The Senator may resume.

Mr. EXON. Many of those citizens I was just referring to are prevented through causes over which they have no control from bettering their educational or training level. A raise in the minimum wage will help those individuals lead a better life and the time is long since passed to give those workers some semblance of an even break.

I am not fond of efforts to create a subminimum wage. I have been intrigued by the labeling of such efforts. Initially, the wage was called a "training" wage by its supporters. Now, I hear that it is referred to as a "new hire" wage. That change is an outright admission by supporters that the 6-month subminimum wage in the President's proposal has little if anything to do with training.

In most States, we have now and will continue to employ a special lower-than-minimum wage for students that equates to a "training" wage for many young people.

I used to own a small business, and I know that in running a business the minimum wage is what you pay your new employees who cannot command a higher salary. In my view, the minimum wage is the training wage.

The stairs to a better salary should not include steps down into a basement. The President's proposal for a 6-month subminimum is but a recognition that many employers give their minimum wage employees a raise after a short time. There is no need for Congress to mandate when employers must increase an employee's salary.

There are clearly those who are in favor of the concept of a training, new hire, or subminimum wage and, at their urging, I am willing to give the concept a try. The proposal that has been submitted in the substitute for the minimum wage bill is an honest effort to compromise with those who support the concept and I can support the proposal when it is held in that light.

Madam President, the time is right for a minimum wage increase. Let us pass this bill and send it to the President. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Madam President, I will be happy to yield 3 minutes to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Madam President, I thank the distinguished Senator from Utah for yielding time to me.

Those of us on the Labor Committee who had an opportunity to review this issue during the 100th Congress, and also during the first few months of this Congress, had to feel a sense of frustration because none of us wanted to vote against increasing anyone's pay.

We would all like to be a part of an effort to improve the standard of living and the opportunity for higher wages for every American. Let us understand that today we are not voting on whether there ought to be opportunity for higher wages for every working American. We all agree on that. The issue is simply whether this bill is designed to achieve the best for all American workers in terms of opportunities to earn in the workplace, to realize returns on investment for those who are involved in business, and to create a general economic environment conducive to continued growth and opportunity in America for everyone.

We are headed in the right direction in terms of economic growth. We are creating more jobs in America than ever before. According to the latest unemployment rate statistics, our unemployment rate is at a 14-year low. We are the envy of the world in eco-

nomic strength and diversity and natural resources and an abundance of everything for our citizens.

It is a little perplexing to be confronted with what I think amounts to a political dialog here today, and we ought to put it in that perspective. Our President has indicated that he is willing to support an increase in the minimum wage, but he has indicated there are certain provisions he is going to insist be included in that legislation.

The majority side is obviously not including those provisions. It is not including the 6-month training wage. What is going to happen if this body approves this bill? We are going to say to certain regions of the country, especially the South, that they are going to lose more jobs and more job opportunities than other regions. The South is not a high-technology, high-paid area, but more people will lose the opportunity for a good paying job in that region of the country than in any other. The studies agree on that.

So I hope we will look at the bill and try to reach a consensus. Let us follow the President's lead. Let us have a piece of legislation that provides a $4.25 an hour minimum wage, but let us reject the provisions being proposed today by the committee and by the substitute.

Madam President, according to the Department of Labor, an increase in the minimum wage rate as proposed in S. 4 would result in the loss of up to 800,000 jobs. Although their estimates of potential job losses may vary, over 60 studies on file at the Department and prepared by economists from all across the political spectrum support the basic argument that an increased minimum wage would result in lost job opportunities.

Even more troubling than these serious economic consequences is their uneven distribution among geographical regions. Since 43 percent of the minimum wage earners live in the South and another 29 percent in the Midwest, it does not require a graduate degree in economics to conclude that the impact of a minimum wage increase, both on those who earn it and those who pay it, will be felt more heavily in those regions. Included in the minority views that several of my colleagues and I filed with the committee report on S. 4 is a reference to a Clemson University study which concludes that the South would sustain one-third and the Midwest would sustain about 23 percent of the total job loss under this bill.

The negative impact of S. 4 may be of little concern to the high-technology, booming job markets in regions of the country where unemployment is low and where minimum wage jobs go begging. Young people in those areas can easily find entry level jobs, and in many instances those jobs pay more than the minimum wage, in some cases even more than is proposed in S. 4. Instead, the negative impact will be greatest in communities in the South and Midwest which continue to experience unemployment, especially among young people most in need of the entry level jobs that provide basic work experience and on the job training.

Madam President, there are very strong emotional forces that periodically tempt us to increase the minimum wage. I have no doubt that there are enough votes in the Senate to pass this one, and with the recent action in the other body, President Bush may soon have a bill on his desk. I share some of the sentiments that seem to justify an increase, but those considerations pale in importance when compared with the potential danger that such an increase would make economic conditions worse rather than better in many parts of the Nation. There is little comfort in the guarantee of a higher minimum wage, when there are not enough jobs to go around now at the current wage.

In my view, without a training wage, S. 4 would not improve opportunities for the unskilled, the illiterate, and the inexperienced to enter the work force. On the other hand, a 6-month training wage will provide the incentive that some employers may need to provide more job opportunities.

Madam President, a training wage is an opportunity wage, and it must be a part of any proposal to increase the minimum. Without it, S. 4 may very well have an unintended effect on poverty, as young people, the unskilled, and the illiterate in regions of high unemployment become even less employable than they are now.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Madam President, throughout the debate there has been some indication that the purchasing power of the people has declined 30 percent, and therefore the people on minimum wage are those who suffer the most. But let us get the facts straight. There are only 336,000 people in this country who are what we call the working poor who earn the minimum wage. In fact, actually, the purchasing power of most minimum wage earners has gone up since 1981.

First, the actual number of minimum wage earners decreased from 7.8 million in 1981 to 3.9 million showing that most people are not "stuck" on minimum wage jobs. Second, the 1977 study by Ohio State University Center for Human Resource Research found consistently that individuals employed at the minimum wage in 1981 regardless of their educational status experienced substantial wage growth subsequent to employment in a minimum wage job. The key is getting them into the job and giving them the opportunity to get trained, to learn, and to progress.

Third, the study showed that only 6 percent of the total 12.7 million young people who were between the ages of 16 and 23 in 1981 when the 5-year study began were still at the minimum wage after 5 years. The vast majority of them had progressed because they got a job, learned how to work, got the self-esteem that would come from learning how to work, were not foreclosed because the jobs dried up because of the continuing increases in minimum wage, and then went on to earn more once they learned a little bit. But there is a group of Americans who will be most likely hurt by this legislation. These are the jobs that are most likely going to disappear.

I might add as Senator PHIL GRAMM, the distinguished Senator from Texas, once said, "The purchasing power of zero wages is zero," because if people do not have jobs they do not have any purchasing power at all.

At this point, I reserve the remainder of my time.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. I yield 4 minutes to the Senator from Arkansas.

Mr. PRYOR. Madam President, I appreciate the distinguished Senator from Massachusetts yielding this time. I hope I will not take the entire 4 minutes.

Madam President, last week the Members of the U.S. Senate were in the Old Senate Chamber, that Chamber right down the hall that was used until the year 1859. Former Senator Eagleton, I think, gave one of the finest orations I have heard about what the essence of the U.S. Senate is. The essence of the U.S. Senate is a group of individuals elected from their respective States to come here and to deliberate but ultimately to compromise, to compromise between various positions, to compromise between various factions.

Madam President, what we have today in the Graham-Pryor-Mitchell-Kennedy substitute is exactly that compromise position. It is not what President Bush wants. It is not what the Committee on Labor wanted in the original concept of a minimum wage. It is truly, right down the middle, a spirit of compromise that we feel was presented in a good-faith effort to bring this issue not only to the U.S. Senate but ultimately to have a package that was acceptable to the President of the United States and to the people at large.

Their amendment very simply treats the 60-day training period I think much better than the other body did 2 weeks ago. This amendment keeps the $500,000 exemption for small business.

This amendment moves the tip tax credit from 40 percent to 50 percent.

We have embodied once again in a good-faith effort—a genuine hope that this compromise amendment will meet the test in the true spirit of compromise—a piece of legislation we can send to the President's desk, and that he can sign.

Madam President, I thank the distinguished Senator from Massachusetts.

I yield back the remainder of my time.

Mr. KENNEDY. How much time remains, Madam President?

The PRESIDING OFFICER. The Senator from Massachusetts has about 2½ minutes, and the Senator from Utah has about 14 minutes plus a few seconds.

Mr. HATCH. Madam President, I yield such time as the distinguished Republican leader needs.

The PRESIDING OFFICER. The distinguished Republican leader.

Mr. DOLE. I thank the Chair.

Madam President, I am not at all surprised that some of my Democratic colleagues have been so eager to take up minimum wage legislation. Raising the minimum wage has great political appeal—particularly to us politicians in Congress.

But I fear that the proposal before us today—as well as the minimum wage bill recently passed by the House—is the wrong approach to take. It was the wrong approach last year. It is the wrong approach now.

The facts are simple: If passed, this bill will not reduce poverty. It will not reduce unemployment. It will not be a panacea for the ills of the working poor—as the bill's proponents would like us to believe.

No—this bill has the potential for great harm. It will fuel inflation. It will spur on already rising interest rates. But most importantly—and sadly—it will mean fewer jobs for our young people.

THE PRESIDENT'S PROPOSAL

To his credit, the President has come up with his own minimum wage proposal. This proposal is no paper tiger: It calls for a 27-percent increase in the minimum wage to $4.25 an hour. It also protects jobs with a 6-month training wage for new hires.

I commend the President for his efforts. He has acted wisely. He has acted responsibly. And his proposal deserves our serious consideration.

THE MINIMUM WAGE WORKER

Last week, we heard a lot of talk about the need for a minimum wage increase to help the working poor. I am sure we will hear a lot more talk on this subject later today and tomorrow.

To be sure, I am all for helping the working poor. I have spent most of my public life supporting causes on behalf of the working poor. And no one would deny that the working poor are the ones who most deserve a wage increase.

But an across-the-board increase in the minimum wage to $4.65 an hour or even $4.55 an hour—without a real training wage—is like using a sledgehammer to pound in a tack. It is too blunt an instrument for solving the deeper problems of the working poor—problems that are rooted in a skills gap, not a wage gap. This minimum wage proposal will not solve these problems. In fact, it will create more problems. It will cause more harm than good.

So I hope the Senate will get beyond the rhetoric—beyond the myths that have built up around this issue—and look at the facts.

We need to look at the profile of the typical minimum wage worker—the very person we are trying to help. Here are some statistics compiled by a reputable source—the Department of Labor:

The typical minimum wage worker is young. Fifty-eight percent of all minimum wage workers are less than 25 years of age.

The typical minimum wage worker is single; 72 percent of all minimum wage earners are unmarried.

The typical minimum wage worker is a part-time employee. Sixty-seven percent of those paid the minimum wage work less than 35 hours per week. The vast majority do so by choice.

And while the typical minimum wage worker lives with other family members, he or she is not the head of a household.

So—as you can see—the typical minimum wage worker is not a member of the working poor—not someone struggling to raise a family while living below the poverty line.

JOB LOSS

The editorial board of the New York Times is right: The notion that a minimum wage increase will somehow solve all the problems of the working poor is an illusion. It is a myth.

We have all heard the statistics before. The Department of Labor estimates that each 10-percent increase in the minimum wage means that 100,000 to 200,000 jobs will be eliminated nationwide. Last year, the President's Council of Economic Advisers calculated that increasing the minimum wage to $4.65 an hour would result in the loss of more than 600,000 jobs. And over 60 studies performed by a wide range of professional economists—including some so-called liberal economists—predict that as many as 800,000 workers will face the prospect of standing in the unemployment line.

You can see that these numbers vary, but they all tell the same story: Raising the minimum wage is not cost-free. It costs jobs. And someone will have to foot the bill.

I also know what this legislation will do to employment in my home State of Kansas. The picture is not a pretty one. The Chamber of Commerce has estimated that Kansas will lose more than 8,000 jobs by 1990 and more than 20,000 jobs by 1995.

I also know who is going to lose these jobs: Teenagers and other young people. I have talked to many Kansas employers—mostly small businessmen and businesswomen—who have told me that a large minimum wage increase without a real training wage will force their hand—will force them to lay off workers to offset the increase in labor costs.

Now, Kansas has one of the better teenage unemployment rates in this country. According to the most recent statistics, teenage unemployment stood at 10.7 percent. That is below the national average. But a teenage unemployment rate of 10.7 percent is not good enough. And it's going to get worse—not better—if this bill is passed. That is bad news for the people of Kansas. And I believe it is bad news for the people of this country.

TRAINING WAGE/MINIMIZING JOB LOSS

The President's own minimum wage proposal was specifically crafted to preserve employment opportunities for the young and the least-skilled. That is the point of the President's 6-month training wage. A training wage gives employers some flexibility. It also gives young people an opportunity to develop some basic work skills and work habits.

But the proposal we will consider today—as well as the minimum wage bill passed by the House—ignore these facts. They ignore the fact that the President's training wage will save almost 200,000 jobs—valuable jobs for young people. And they ignore the fact that the President's training wage not only preserves jobs but also preserves opportunities for advancement.

TRAINING WAGE—NO FORMAL TRAINING REQUIREMENT

I have heard some Senators criticize the President's training wage proposal because it does not require a formal training program. I have also heard some Senators argue that the President's training wage is too long—that it should be shorter than 6 months.

Madam President, both of these arguments miss the point.

Now, I understand that the substantive skills needed to perform many entry-level jobs are not great. I also understand that sometimes the skills for these jobs can be acquired through on-the-job training in a short period of time—perhaps less than 6 months.

But the purpose of a training wage is not only to provide job skills. A training wage—that is, a training wage of sufficient length—is also very impor-

tant as a tool for helping young people acquire good work habits.

We can all learn to flip a hamburger pretty quickly, but it takes time—often many months—for a young person to learn the responsibilities that come with being a working citizen.

Punctuality, reliability, honesty, cooperativeness with fellow employees, acceptance of direction from supervisors—these are qualities that no formal training program can teach. But they are qualities that young people can learn—in fact, need to learn—by participating in the work force.

In other words, my point here is this: New workers in entry-level jobs continue to gain valuable experience—continue to develop important work habits—even after they have learned the basic skills.

Imposing formal training requirements on employers would also be expensive. It would work against one of the primary goals of a training wage: to serve as an offset to the disemployment effect of an increase in labor costs caused by an increase in the minimum wage. According to the Department of Labor a 6-month training wage—not a 4-month or a 2-month, but a 6-month training wage—will save almost 200,000 jobs that otherwise would be eliminated. On the other hand, the Department of Labor estimates that a training wage of less than 6 months will have little, if any, offset effect.

Let me just briefly mention here the training wage provisions contained in the Graham amendment and in the House bill. As most of us know, the Graham amendment provides for a 60-day training wage. It would also require employers to provide formal, technical training to those workers earning the training wage.

The House bill, on the other hand, also calls for a 60-day training period, but for first-time employees only. And it requires employers to certify that training wage earners are, in fact, entering the work force for the first time.

Simply put, both training wage provisions would save few, if any, jobs. They would save few, if any, job opportunities. Businesses would have no incentive to employ young people who may have had some previous employment history. And the costs of either technical training—as required by the Graham amendment—or certification—as required by the House bill—would be prohibitively expensive, particularly for small employers.

The President has called the House training wage a phony. I agree with him. The training wage contained in the Graham amendment also falls short—far short—of what is needed to protect jobs and preserve job opportunities. I just hope that my colleagues on the Democratic side of the aisle are not trying to pass this training wage off as a fair and workable compromise.

FINANCIAL COST OF THE BILL

I think I have covered two of the most important consequences of this bill—the loss of jobs and the loss of job opportunities. But there are other consequences that could be equally disastrous.

Without question, this bill—as well as the House bill—will fuel inflation. Financial projections suggest that inflation will rise almost one-third of a percentage point as a result of an increase in the minimum wage to $4.65 or $4.55 an hour. This increase will have a "ripple effect" throughout the economy on other wage rates. Needless to say, higher inflation is the last thing we need at a time when consumer and producer prices are creeping upward.

Rising inflation will hurt the nonworking poor, the elderly, and others on fixed incomes. Rising inflation will also be quickly translated into higher interest rates. Higher interest rates, in turn, will increase the cost of financing home mortgages, increase the cost of any savings and loan recovery plan, and increase the size of the Federal budget deficit.

Madam President, this is too high a price to pay.

DON'T MESS WITH SUCCESS

Over the past 6 years, we have witnessed an unprecedented growth in employment—and in employment opportunities. During this period, our economy has created more than 19 million—yes, 19 million—new jobs. The unemployment rate has also dipped to 5 percent—the lowest level in more than 16 years.

If we are to judge success by results, it seeems to me that we are doing a pretty good job. So let's not mess with success. Let us not help destroy our economic recovery with an ill-timed and ill-advised minimum wage bill. Let us take a clear-headed look at the facts. And let us give the President's proposal a fair hearing.

Let me indicate I have listened to the debate. I know that this is an issue that is very sensitive. I would say as a Republican, I am not going to stand here and say you can live on $4 an hour or $4.35 an hour or $5 an hour. I do not really believe that this is the final test.

I think the test, as the Senator from Utah has been underscoring, is the number of jobs that will be lost. If you do not have a job, that is zero dollars per hour. The minimum wage now is $3.35 an hour. Under the compromise it would be $4.55 an hour. President Bush on his own decided to go to $4.25 an hour, which is about 75 percent of the way.

The President made a statement in his campaign that he was for an increase in the minimum wage. I know for a fact he had a couple of options. One of the options recommended was to come in very low at $4 an hour over 3 years, phased in, in other words increased 65 cents over 3 years and then compromise with the Democrats at say $4.25. But the President said no. He had a lot of advice. Hopefully most of it was good. He decided to make his first offer the final offer. Keep in mind that under the original Democratic proposal, there would be an increase over 3 years of $1.30 an hour. The President said right up front he is willing to go 90 cents an hour over 3 years, gone 60 percent of the way.

So the amended Democratic proposal is not any compromise. There is no compromise on the floor. It calls for a useless, meaningless training wage for 60 days that does not mean anything. The amended Democratic proposal calls for a 10-cent an hour decrease, but it implements the program 3 months earlier too, so there is not any compromise. There are not any savings.

I think we should understand the President, in my view, is firm. He said so in a letter to me which I placed in the RECORD last week.

He has already compromised. He has already said that he would go along with an increase in the minimum wage. Ronald Reagan said no for 8 years and made it stick—$3.35 for 8 years. George Bush said, well, it is time—as the Senator from Massachusetts and others said, the Senator from Utah—that we take a look at the minimum wage and make adjustments. So we did. Over a 3-year period, it is going to be 90 cents per hour higher.

Now, we can make all the arguments. I happen to think that the effort to compromise is not a compromise. It can be named a compromise. But it is the wrong approach to take. It is not going to mean any real benefit for those who need it. It is going to mean more and more people are going to lose their jobs. We are not going to reduce poverty. We are not going to reduce unemployment. It is not going to be a panacea for the ills of the working poor, as the bill's proponents would like us to believe.

It will fuel inflation, it will spur on already high interest rates. But again I say, most important, it is going to be fewer jobs for young people. As I said, to the President's credit, he has come up with a proposal that calls for a 27-percent increase in the minimum wage to $4.25 an hour, as opposed to a more than 30 percent increase which comes from my colleagues on the other side. I commend the President for his efforts, and I commend the Secretary of Labor for her efforts.

How do we help the working poor? The New York Times says you do it with an earned income tax credit. That is not a bad idea. But the President did not mention earned income

tax credit during the campaign; he mentioned minimum wage, so we are here fulfilling that promise. I think everybody wants to help the working poor. I believe my record would reflect that I spent most of my public life supporting causes of behalf of the working poor. They are the ones who deserve the wage increase.

An across-the-board increase in the minimum wage to $4.55 an hour, without a real training wage, is sort of like using a sledgehammer to pound in a tack. It is too blunt and does not solve the problem, the problem of the working poor.

To understand my point, I think we have to look at the profile of the typical minimum wage worker.

I have statistics compiled by a reputable source, the Department of Labor. The typical minimum wage worker is young. Fifty-eight percent of all minimum wage workers are less than 25 years of age. Some would say, "Let us get them off the streets and find a job," whether it is $3.35 an hour, $4.35 an hour, or whatever. Get them off the streets. Get them away from drugs.

The typical minimum wage worker is single, and 72 percent of all minimum wage earners are unmarried.

The typical minimum wage worker is a part-time employee. Sixty-seven percent of those paid minimum wage work less than 35 hours per week, and the vast majority do so by choice. While the typical minimum wage worker lives with other family members, he or she is not the head of a household.

So, as you can see, the typical minimum wage worker is not a member of the working poor. He is not someone struggling to raise a family while living below the poverty line. We ought to look at an increase in the earned income tax credit in the future, to address the needs of the truly working poor.

The editorial board of the New York Times is right. The notion that a minimum wage increase will solve all the problems of the working poor is an illusion, a myth. So I would suggest that we have had a lot of studies. In fact, I asked the Secretary of Labor—all these are just statistics, we are not going to argue statistics—"How do you know how many people are going to lose their jobs?" I think that is very important. No one knows for certain down to the last job or 10 jobs. But last year the President's Council of Economic Advisers calculated that increasing the minimum wage to $4.65 an hour would result in the loss of more than 600,000 jobs, and over 60 studies performed by a wide range of professional economists, including so-called liberal economists, predict that as many as 800,000 workers will face the prospect of standing in the unemployment lines.

So, yes, we want to increase the minimum wage. I am proud, as a Republican, to stand here and support the President in that effort. But at the same time we want to preserve jobs. Again, the Senator from Utah said a few moments ago, "If you do not have a job, it is zero dollars per hour."

In my State of Kansas, it is estimated we would lose between 8,000 jobs by 1990 and up to 20,000 jobs by 1995. Again, statistics, but based on past experience. So they have some credibility.

In my State—maybe we are different—when you are covered by this act and you are a small employer, man or woman, with no one to pass on the additional costs to, you lay someone off. People have lost their jobs. I do not think anybody wants to force anybody to lay off someone because of this.

I have listened to some of the press inquiring, "Is there going to be a compromise?" There has already been the compromise. There is not going to be a compromise. It is going to be $4.25 an hour and a 6-month training wage, period. If we cannot sell that on a bipartisan basis, the President will veto anything else. He said so. Then we will start over again. We will come back try it again.

Maybe the next time the President will start at $4 over 3 years. Then we can compromise up to $4.25. The President has made it clear as recently as this week, he feels strongly about the training wage, and I know some do not. Not everybody on this side feels strongly, whether it ought to be 2, 4, or 6 months. In addition to getting people off the streets, there is another reason it ought to be 2, 4, or 6 months. I know it does not take 6 months to learn how to flip a hamburger. It may take 6 months for some young person, who has not been in the work force and has been out on the streets, to learn punctuality, reliability, honesty, how to cooperate with fellow employees, acceptance of direction from supervisors. Now, these are qualities that no formal training program can teach. You might learn that in 6 months. You have to report to work every day on time, or you lose your job. You have to do certain things.

You learn by participating in the work force, as some of us know. So for all the reasons that I have stated—and I want to congratulate Members on both sides for their efforts, but there is no compromise pending. The Democratic proposal is pretty much the same as the House bill. Both permit a 60-day training wage and both, to varying degrees, impose burdensome requirements on employers. This means that few jobs will be saved.

Simply put, both training wage provisions would save few, if any, jobs. Business would have no incentive to employ young people who have previous employment history and the cost of either technical training or certification—required by the House bill—would be prohibitively expensive, particularly, again, for small employers.

I have talked to a lot of medium-sized employers. They do not care about the minimum wage. That is a thing of the past. They are all paying $5 or more per hour.

It would seem to me the question should be, how many jobs are going to be lost, not how many jobs will have an increase in take-home pay. I find myself agreeing with the Secretary of Labor and the President of the United States.

Mr. HATCH. Madam President, I reserve the remainder of my time.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts has 2 minutes 47 seconds.

Mr. KENNEDY. I yield myself 1 minute 20 seconds and to the Senator from Florida the remaining time.

Madam President, the Senator from Kansas was right about his helping the low-income people, because he supported in 1977 an increase in the minimum wage here on the floor of the U.S. Senate. That went up to 45 percent in terms of purchasing power. So he is on record in terms of the support of the past.

Finally, Madam President, this Congress made a commitment to the American people in 1938. It said, "If you are going to work in America, you are not going to live in poverty." That promise was kept in the forties, the fifties, the sixties, and the seventies. But it was basically a promise that was violated in the 1980's.

We are trying to restore that commitment—that is what this issue is all about, Madam President—restore that commitment in terms of purchasing power.

This President has asked for a reduction in the capital gains rate. The effect of the reduction in the capital gains rate is $30,000 for the top 1 percent of the American taxpayers.

Is he going to say, should we pass, which we will pass, an effective minimum wage, we are going to provide $30,000 for the richest and not the 30 cents for men and women, our fellow citizens, the 4½ million families who are living in poverty who will be affected by this measure?

I hope we will support the Graham amendment.

The PRESIDING OFFICER. The Senator from Florida has 1 minute and 15 seconds.

Mr. GRAHAM. Madam President, I would like to respond to some of the remarks which have been made by the minority leader who characterized this amendment that Senator PRYOR and I have offered as not being a reasonable effort in compromise.

I believe that a compromise works which has several characteristics. One characteristic is that it appeals to some commonly held values.

We have had a principle in this country that there was to be a relationship between the minimum wage and the average wage of American workers and that average over most of a half century has been that it represented 50 percent of the income of the average American worker.

We have also attempted to keep it adjusted for the cost of living so that a working American was not an American in poverty.

I think those are valuable principles.

I do not know where the President got his $4.25 number but the $4.55 which is proposed in this amendment is consistent with that history of what is part of compromise.

Another part of compromise is balance. You can argue whether 30 days, 60 days, 90 days, or 6 months is an appropriate training wage period. We have never had a training wage before, so we are somewhat on unchartered waters. But, Madam President, when I look at the President's proposal, it is not 6 months; it is potentially forever because a person could stay on that training wage time after time after time.

We are saying give us a solid 60 days to learn the relatively minimum skills and culture of a minimum-wage worker and let us give that worker a chance to get the first job and the first step toward the American dream.

I think that is an honest compromise.

Mr. DURENBERGER. Madam President, I rise today to offer my reluctant support for the substitute amendment offered by my distinguished colleagues, Mr. GRAHAM, Mr. PRYOR, Mr. MITCHELL, and Mr. KENNEDY, to S. 4, the Minimum Wage Restoration Act of 1989. This amendment contains wage and training wage provisions similar to the bill passed by the House 2 weeks ago.

During last year's debate over minimum wage legislation, I stated my belief that an increase in the minimum wage is long overdue. The substitute amendment we are considering today raises the Federal minimum wage from $3.35 per hour to $4.55 per hour by October 1, 1991, through a series of three yearly increases of 40 cents per hour. Although I did vote to report S. 4 out of the Labor Committee with a $4.65 increase, I am willing to accept the $4.55 level in this amendment, because I believe it still represents a substantial increase over the current minimum wage.

Madam President, I also support the increase in the small business exemption that is contained in this amendment. Currently, small businesses with annual gross sales of less than $362,500 per year are exempt from the minimum wage requirements of the Fair Labor Standards Act. However, just as the minimum wage has eroded over the last 8 years, so has the value of the small business exemption. I am pleased that the substitute amendment contains the exemption agreed to by the Labor Committee during the markup of S. 4. This measure raises the small business enterprise test to exempt firms with annual gross sales of less than $500,000 per year. In addition, the amendment includes a much-needed simplification of the small business exemption by eliminating several separate tests. I am hopeful that this small enterprise exemption will provide relief to those firms, particularly in rural areas, that may be most affected by the increase in the Federal minimum wage.

There is one final component to the measure we are considering today: the training wage. And it is this that causes me great concern. The training wage provision allows employers to pay a wage of 85 percent of the minimum for up to 2 months to those employees working in their first job. These 2 months of employment are deemed to be a training period, during which time the employee receives only on-the-job training.

Madam President, during my 10 years in the U.S. Senate I have consistently opposed a training wage or submininum wage for youth. Therefore, I disagree with those who believe in the necessity of the so-called training wage. The measure before us does not require employers to provide specific training. However, unlike other self-styled training-wage proposals, this one only applies to new entrants into the work force. It seems clear to me that there is an inherent training element and learning process that the new entrant acquires in his or her first job. In that sense I believe an employer should be allowed to pay a modest wage differential to a new entrant who must learn certain basic rules and disciplines about operating in the professional workplace.

For these reasons, I will support this 2-month first-hire training wage. However, I can do so only with the knowledge that it is temporary and that the Secretary of Labor will report to Congress on the effectiveness of the training wage after the wage has expired.

In my view, this Graham-Pryor-Mitchell-Kennedy substitute amendment is not the perfect minimum wage bill. But given the political realities that exist in Congress at this time, I will support the amendment as the best option available to this Senator today.

Mr. GLENN. Madam President, I rise today in support of S. 4, a bill to amend the Fair Labor Standards Act of 1938 to provide for an increase in the minimum wage. I join my colleagues, Senator KENNEDY and others, in supporting this measure because I, too, share their concern for the plight of the lowest paid workers in our society. The minimum wage was first established under the FLSA to ensure that workers who are forced to work—if at all—for the lowest wages our economy can offer, would at least be assured a living wage. Three dollars and thirty-five cents an hour in 1989 does not represent a living wage.

I am disturbed by statistics which indicate that welfare provides a better wage than full-time employment at the minimum-wage rate. The American work ethic is built on the belief that working for a living is morally right, and that strength of character derives from an honest day's work. It is characterized in the adage, "An honest day's work for an honest day's pay." Unless we increase the minimum wage to a true living wage, America can no longer boast that an "honest day's pay" necessarily follows "an honest day's work." Let's not turn our working class into a class not working.

The minimum wage has not increased since 1981 when the increase to $3.35 an hour authorized by Congress in 1977 took effect. Since then, consumer prices have increased 40 percent. In 8 years we have allowed 2.4 million people to work for the minimum wage and yet live in poverty. Not every person who is supported by the minimum wage is impoverished. However, 4.6 million Americans are. This number includes 2.2 million children who may not get enough to eat because the minimum wage does not represent a living wage. America is too rich a society, morally and economically, to allow children to be so victimized.

Opponents of this bill claim that the majority of low-wage workers are teenagers and others who are not supporting households. However, statistics show that 72 percent of workers earning less than $4.65 an hour are adults. Over 6.5 million of these low-wage workers are full-time employees. And over 1.2 million of these were heads of households as well, supporting 2.1 million family members.

Moreover, a disproportionate number of low-wage workers are from groups which are historically discriminated against. Over 63 percent of workers earning less than $4.65 an hour are women, while women comprise only 45 percent of the entire labor force. Blacks and Hispanics are represented among low-wage earners in far greater proportions than their numbers in the general work force.

Thirty-eight percent of the hourly workers 65 years or older, many of whom are forced out of their jobs to make way for a younger population of workers who can be hired for less money, are making less than $4.65 an hour. A failure to increase the mini-

mum wage will send a negative message to these workers as to this country's commitment to them and to their equality in the labor force. I have not questioned that commitment and I am now standing by it.

Opponents of S. 4 claim that increasing the minimum wage would hurt those whom the bill purports to help by driving up the costs of labor, thereby forcing employers to lay off workers. However, history does not support this claim. Congress has increased the minimum wage six times. Six times economists have predicted that job losses would result. Each time the economists have been wrong. In fact, statistics show that there has been an increase in employment in each year following an upward adjustment of the minimum wage, except 1975, which was a recession year.

Between 1977 and 1981, the period of the last increase of the minimum wage, total U.S. employment increased by 8,296,000. The only decline in employment during that period occurred in 1982, a year in which there was no increase in the minimum wage. In 1977, a year in which there was no increase in the minimum wage, employment increased by 3,313,000. In 1978 when there was a 15-percent increase in the minimum wage, employment increased by 3,927,000. It does not then follow that increasing the minimum wage will result in a loss of jobs.

Moreover, the administration has forecast a surplus of jobs in 1992. According to the Department of Labor's projections, 5,260,000 job opportunities will be created between 1989 and 1992. DOL also forecasts that only 4.4 million workers will be added to the labor force. According to the Department of Labor's own statistics, there will be 868,000 more jobs than workers.

Opponents claim that increasing the minimum wage will force many businesses to close. However, before the wage was increased in 1977, the Labor Committee heard testimony projecting the closing of 5,800 of the 29,000 convenience stores in America. There was no decrease. Rather, the number of convenience stores increased by 4,100 between 1977 and 1978, as compared to an increase of 2,000 between 1976 and 1977 when there was no increase in the minimum wage.

Opponents also claim that raising the minimum wage would adversely impact the rate of inflation. However, statistics from the last three decades indicate that inflation increased in the 1960's when the minimum wage was increased, in the 1970's when the wage was increased, and in the eighties, when there was no increase. The effect is that workers have seen their wages increase at a much slower pace than the rate of inflation. We cannot blame inflation on increases in the minimum wage. However, we can ensure that low-wage workers who have lost purchasing power as a result of inflation need not be victimized for their efforts to be self-supporting.

While the majority of Americans wage the battle of choosing what to eat, let us consider those for whom the choice may be eating or not eating at all. Let us consider those whose children are hungry or undernourished, even though they work full time for too little money to meet their small needs. A $1.30 raise would mean nothing to the majority of Americans. But to 4.6 million Americans forced to live in poverty at a federally mandated "living wage," it could mean all the difference in the world.

Mr. CONRAD. Madam President, the last time Congress acted to raise the minimum wage was 1977—12 years ago. Since the minimum wage became its current $3.35 an hour in 1981, consumer prices have risen 40 percent. The value of the minimum wage when adjusted for inflation is now the lowest it has been since 1949. And we have now taken longer than ever before to revisit the minimum wage issue and act to raise it.

Since the current minimum wage debate first began, there has been much discussion about what exactly will be the effect of a minimum wage increase on employment and inflation. However, there is one thing that nearly everybody has come to agree on—the minimum wage must be increased.

Today, the minimum wage supports a full-time worker at a level of $6,968 per year—nearly $3,000 below the poverty line for a family of three. President Bush's proposal of $4.25 would leave that worker's family more than $1,200 below the poverty line. Even the $4.55 Pryor-Graham compromise misses the poverty line by about $600—and these figures are all for 1989. By the time the minimum wage reaches $4.55 more than 3 years from now, it will equal only 83.6 percent of poverty for a family of three.

Last year we enacted welfare reform legislation in an attempt to help people work their way out of poverty. That bill provided transitional child care and medical benefits to those who leave the welfare rolls and take a job with minimum wages and no benefits. We all hoped that those provisions would help prevent people from slipping back into the welfare quagmire after successfully becoming employed. But how can we expect those people we have been trying to get off the welfare rolls to seek a job that pays them less than they can get on the Government dole?

Obviously, the minimum wage is not a cure-all for poverty. And there are other ways to help poor Americans. But who can possibly say that it makes sense to provide people with an incentive to become dependent on the Federal government only because they can make more on welfare than by taking a minimum wage job?

Madam President, exactly who earns the minimum wage? Well, according to the U.S. Chamber of Commerce, two-thirds of minimum-wage workers are employed part-time, 60 percent are under 25 years old, and most are teenagers living at home. However, using only those figures in the context of the current debate is somewhat misleading because they leave out one very important group—those who earn between the $3.35 and $4.55. Of this group, nearly half work full time and are over 25, and fewer than half live with their families.

In addition, according to the Bureau of Labor Statistics, over 5 million people were paid the minimum wage or less in 1986. Only 36.5 percent—about 1.8 million—were teenagers between 16 and 19. In fact, 23 percent were adults between the ages of 20 and 24.

There are some who seem to think that college kids and teenagers are somehow less deserving or in need of a decent wage than others. I think they had better take a second look. College tuition costs are going through the roof. Public tuition has increased 61 percent since 1981. Private tuition is up 73 percent. Those kids do not need an increase in their wages any less than anybody else.

Women also need a higher wage. While women comprise about 45 percent of today's work force, they make up more than 65 percent of those working at the minimum wage. How will the disparity between men's and women's wages ever appreciably improve in the presence of such a dramatic difference?

The philosophy behind the minimum wage has always been to have a floor beneath which wages will not fall. It is a recognition that a job well done deserves fair and equitable compensation and that someone who works full time should be able to earn a livable wage. But during the past decade, the minimum wage has been allowed to steadily erode. According to the Consumer Price Index, had the minimum wage kept pace with inflation after becoming $3.35 in 1981, it would be $4.59 today. By January 1, 1992, the Congressional Budget Office estimates that the wage would have to be $5.28 to maintain its 1981 value. The Pryor-Graham compromise only proposes raising it to $4.55.

The minimum wage has historically hovered around 50 percent of the average nonsupervisory wage. However, estimates by the Center on Budget and Policy Priorities show that in 1989 the wage will hit an all-time low of 34.4 percent of the average nonsupervisory wage. During the past 8 years, the richest 1 percent of our society have

enjoyed a 50-percent increase in their incomes. At the same time, the less fortunate in our society have been losing ground. From 1973 to 1987 the poorest one-fifth of our society saw their incomes drop 11 percent at the same time that the top one-fifth experienced a 24-percent increase.

Madam President, whatever the merits of raising the minimum wage may be—and I believe they are compelling—I have been very concerned about the potential effects of increasing the minimum wage on small business. Small business creates most of our new jobs and is the cornerstone of the business community in States like North Dakota. Whatever legislation Congress passes must minimize its potentially adverse effects on small businesses. If it fails to do so, businesses will go under along with scores of important jobs—people will not be able to find a job at any wage.

Because of my concerns, I am extremely pleased that the current proposal expands and raises the enterprise test under the Fair Labor Standards Act. Not only has the small business exemption been increased from $362,000 to $500,000 for retail and service businesses, but it has also been expanded to exempt enterprises such as gas stations, laundry and cleaning establishments, hospitals, and a variety of other institutions with annual gross sales of less than $500,000. The expanded enterprise test will do much to blunt the effect of increasing the minimum wage on small businesses. It is something the administration rightly sought, and I am glad it has been included in both the committee-reported bill and the compromise. I am also pleased to see that the vast majority of agriculture remains exempt from the Fair Labor Standards Act. Under current law more than two-thirds of U.S. agriculture is exempt from the minimum wage, and the bill does absolutely nothing to change that.

Then there is the tip credit. The tip credit provision in the Fair Labor Standards Act allows an employer to apply a portion of an employee's tip income against the obligation to pay him or her the minimum wage. When Congress acted in 1977 to increase the minimum wage, the tip credit was reduced from 50 to 40 percent.

Both the restaurant industry and President Bush have sought to again increase the tip credit to 50 percent—an increase that has been included in the bill.

Finally, we have the training wage. Many people have gone to great lengths to compromise on even the concept of a training wage. It is now time for President Bush to compromise as well. President Bush proposes a 6-month training wage for all new hires. His proposal requires no real training, but simply allows businesses to hire anybody—whether they are 16 or 60—at a subminimum wage of $3.35.

According to the Labor Department, most minimum-wage jobs require 30 days of training at the most. It seems somewhat farfetched to me for anyone to argue that training someone to wash dishes or work a cash register takes 6 months. And the Bush training wage would quickly become a revolving door through which some unscrupulous employers could push out their higher-paid workers in favor of lower-paid new hires.

The compromise bill contains a 60-day cumulative training wage that applies only to those without previous experience. This is the first time in the history of the minimum wage that a training wage has been tried, and I'm all for it. It's about time that we learned how a training wage will work in practice. And I'm for trying anything that could soften the blow of a minimum-wage increase. But I see no reason at this juncture to create a training wage that would as broadly affect low-paid Americans as the Bush administration's proposal.

Madam President, I have received letters from the Chamber of Commerce, the AFL-CIO, the NFIB, the Farm Bureau, the U.S. Catholic Conference, and scores of others telling me their opinions on either the need for raising the minimum wage or the disaster that would ensue. So I decided to find out for myself how my own constituents felt.

Last year I conducted a poll in North Dakota which revealed that the vast majority of my constituents want to see the minimum wage increased. According to that poll, 55 percent strongly favored, and 23 percent mildly favored, increasing the minimum wage. Twenty percent either mildly or strongly opposed an increase. These were citizens in North Dakota, not national organizations with little concept of the economic and social realities in my home State.

Late last year, the chamber of commerce in Grand Forks, ND, also supplied me with the results of their own survey of chamber members. Fifty-one percent favored increasing the minimum wage and 49 percent opposed it.

However, while I intend to vote for the increase proposed by Senators GRAHAM and PRYOR, I wish to express one reservation. When considering future minimum wage increases, Congress must be equipped to weigh the varying effects in urban and rural areas. Because I believe there are important differences, I have been sorely tempted to propose some sort of regional differential. However, I readily acknowledge that we do not yet know about the benefits and drawbacks of such a proposal. Since we need to learn more, I am pleased to be cosponsoring an amendment by my colleague from North Dakota's neighbor to the East, Senator DURENBERGER, that will require the Labor Department to thoroughly study the issue.

Madam President, increasing the minimum wage is not something I take lightly. However, I firmly believe that the implications are not nearly as awesome as some would have us believe.

The U.S. bishops, in their 1986 pastoral letter on the economy, said, "Work with adequate pay for all who seek it is the primary means for achieving basic justice in our society." By increasing the minimum wage, we in Congress can take a small but important step toward achieving the kind of economic justice the bishops were promoting.

Madam President, I ask unanimous consent that an editorial that appeared in the Devils Lake Journal on March 3, 1989, entitled "Minimum Wage Must Be Increased," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MINIMUM WAGE MUST BE INCREASED

A bill that would increase the minimum wage to $4.65 should come before the U.S. Senate's Labor Committee sometime next week and could be voted on as soon as the week after. This would be the first increase in the minimum wage, which is currently at $3.35 per hour, in seven years.

In our opinion, it is clearly time for this increase. Workers earning minimum wage and working 40 hours a week gross less than $7,000 per year. With rent averaging $3,600 annually on the low side and with additional expenses of heat, lights, phone and car (which in our society is not a luxury, but a necessity), it is easy to see the minimum wage earner is not making an adequate living.

We think it is a national disgrace that a person can put in an honest 40 or 50 hours of work a week and not earn enough to support themselves and have some security.

Now the Senate has an opportunity to right this wrong. The bill being considered would phase the wage increase in at a rate of a $.50 raise the first year and $.40 raises the following two years. While this may seem unsatisfactory to some wage earners, we think it is the only fair way to get the increase without placing an undue burden on small businesses, some of which are having a difficult time sustaining a profit as it is.

The part of the bill we think deserves another look is the exemption given to small businesses grossing $500,000 annually or less. These business owners would not be bound to give their workers a raise and while pure competition for workers would force many to do so in states with several large businesses, there is nothing to compel small businesses in states like North Dakota to give their workers the increase.

According to Small Business Administration classification, 92 percent of the businesses in North Dakota can be classified as small business. That holds true in the Lake Region, as well. In other words, 92 percent of the businesses in North Dakota would be exempt from the minimum wage increase.

While we understand that Congress is trying to protect the interests, in some cases, the viability of small businesses, we strongly believe that the minimum wage

earner deserves equal protection. We understand the stability of some businesses could be on the line should they be forced to pay $4.65 per hour, but still believe the exemption hurts more people than it protects.

Sen. Kent Conrad suggested that regional differences be taken into account with this bill, allowing those areas that would be more impacted by its passage to have a four-year phase in period instead of the three-year period already planned. Conrad says that areas such as North Dakota that have already been hard hit by the drought could then take the wage increase at a slower pace, making it more palatable to small businesses.

We like Conrad's idea, but would like to see it combined with the deletion of the small business exemption. No one has the right to keep their profit margin by paying substandard wages.

On the whole, minimum wage earners are probably the least politically powerful group in the country—no unions lobby for them, no contributions to campaign funds are made in their name. They have no clout.

But they do have families and debts. And they do deserve a fair shake. This region's wages are depressed and need the increase the minimum wage bill would give them.

We urge our congressional delegation to fight for the people in North Dakota with the smallest voices. We all have the right, if we are willing to work, to support ourselves and our families in dignity.

Mr. PELL. Madam President, I support a significant increase in the current Federal minimum wage.

As a member of the Senate Labor and Human Resources Committee, I have supported several proposed increases in the Federal minimum wage. In the past, the Labor and Human Resources Committee has not had the backing of the White House in its attempts to raise the minimum wage. I am pleased that we now have a President who is in favor of an increase in the minimum wage.

I hope that Congress can now convince the President that a significant increase in the minimum wage should be granted to the working people of this country, instead of a mere token increase in wages.

I support a significant increase in the Federal minimum wage because I believe that the time for such an increase is long overdue. I am not an economist, but I know that the minimum wage is not worth as much today as it was in 1981, the last time the Federal minimum was increased.

I am proud to say that my own State of Rhode Island has recognized the declining purchasing power of the Federal minimum wage and was one of six States to increase the minimum wage during the last year. Rhode Island was joined in this action by Hawaii, Minnesota, Connecticut, Massachusetts, and Vermont.

Granted, these States currently benefit from relatively robust economies, but I believe that much of the country has experienced greater prosperity since 1981. This overall prosperity warrants a significant increase in the Federal standard.

It is unfortunate, but the national economic prosperity that has taken place since the last minimum wage increase seems to have worked in reverse for those who must depend on the minimum wage for survival.

This reversal has been so complete that it now makes more sense from a financial point of view to live on welfare than to work at a job for $3.35 an hour.

Madam President, I only wish that more of my colleagues could have had the opportunity to listen to the mothers who recently came before the Labor and Human Resources Committee to tell us that they were forced to go on welfare because a minimum wage job does not provide an adequate living wage.

Madam President, despite the past economic growth, I am concerned that we are moving toward a society of have and have-nots. A society with a permanent underclass of citizens milling around on street corners, sleeping in homeless shelters, with only the barest sign of help from the Federal Government.

I cannot accept this notion and that is why I support sending a clear and hopeful signal to the working people of this country.

That is why I urge my colleagues to support a significant increase in the minimum wage.

Mr. DOLE. Madam President, I would like to bring to the attention of my colleagues and the floor managers of S. 4 the ramifications that a minimum wage increase will have on the Medicaid Program. Almost one-half of Medicaid dollars are spent on long-term care, mostly for the elderly, and an increase in the minimum wage will affect all health care providers.

Nursing homes, in particular, employ a large number of minimum wage workers, most of whom are nurse aides who provide direct, hands-on care to nursing home patients. These salaries are the largest component of Medicaid reimbursement—in fact, all labor costs account for about 72 percent of all nursing home costs. Should the Congress agree to any mandated increase in the minimum wage, a corresponding modification in Medicaid rates should be considered by the States to account for those increased labor costs.

Mr. MITCHELL. As a member and former chairman of the Senate Finance Committee on Health, I share the Senator's concern about the impact on the nursing home industry. Rates for reimbursement for nursing home care are set by the States and the Federal Government. Each individual State determines its own Medicaid payment policies, with limited supervision from the Department of Health and Human Services and its Health Care Financing Administration [HCFA]. Any increase in the Federal minimum wage may affect the nursing home industry in different ways, depending on the State involved. Therefore, it is important that the added costs of the minimum wage increase be taken into account by States when determining an appropriate Medicaid reimbursement rate for nursing homes.

Mr. HATCH. I believe that increasing the minimum wage will impact many Federal health programs, including Medicare and Medicaid. In fact, the Senate Labor and Human Resources Committee recognized in its committee report on S. 4 that a minimum wage increase will have an impact on Medicaid costs and rates paid to long-term care providers. The committee report clarifies that under title XIX, States are required to provide assurances to the Secretary of Health and Human Services that their rates are reasonable and adequate. Section 1902(a)(13) of the Social Security Act requires that States take into account the costs that nursing homes must incur to provide care and services in conformity with all applicable State and Federal laws. Although the Fair Labor Standards Act is not referred to specifically in that provision, the committee wishes to emphasize that the wage levels required by the Fair Labor Standards Act are among the provisions of Federal law which must be taken into account by the States in setting their Medicaid rates.

Mr. DOLE. The nursing home industry is on record as supporting an increase in the minimum wage, but they have requested that we recognize the special cost burden imposed by any such increase in this industry, where reimbursable costs are extensively regulated. Major nursing home reform was passed by Congress in 1987 as a part of the Omnibus Budget Reconciliation Act [OBRA], Public Law 100-203. This act required significant changes in staffing and training requirements, quality of care, patient services, and enforcement of new nursing home standards, at an estimated cost of $1.73 billion over 5 years. Because Congress was concerned about the ability of the nursing home industry to absorb costs of this magnitude, special language was included to ensure that the Medicaid reimbursement system adequately accommodated the OBRA 1987 cost increases.

Mr. MITCHELL. The special language adopted in OBRA served to emphasize continuing congressional concern with adequate nursing home reimbursement. As my colleague from Utah notes, the payment standard that States must provide for an appropriate adjustment in Medicaid nursing home rates to take into account the new costs that will result from this legislation is already contained in section 1902(a)(13). These cost increases are costs which will be incurred by fa-

cilities in the provision of care and services to Medicaid beneficiaries. Therefore, it is important that any increase in the minimum wage be taken into account by States when determining an appropriate Medicaid reimbursement rate.

The PRESIDING OFFICER. The Senator's time has expired. All time has expired.

The proponents have utilized all of their time. All of their time has expired.

The Chair wishes to advise the Senator from Utah that he has 2 minutes and 7 seconds remaining.

Mr. HATCH. Madam President, as I understand, I have 2 minutes and 7 seconds remaining.

The PRESIDING OFFICER. The Senator is correct.

Mr. HATCH. I would reserve the remainder of my time or yield it to the majority leader, or be happy to go first.

The PRESIDING OFFICER. The majority leader has reserved 6 minutes and 32 seconds of his leadership time which may be used at this time.

Mr. MITCHELL. Madam President, the last time the Senate debated increasing the Federal minimum wage was 6 months ago, just before the 1988 Presidential election. Legislation at that time was withdrawn in the face of a filibuster.

The debate today can be framed as a question of whether the administration's proposed increase is too little. And also, whether we already are risking acting too late.

If there is any one thing that the 101st Congress must do, it is to increase the minimum wage. Human decency demands that we act. This legislation will be a test of whether we indeed are seeking a kinder, gentler nation.

The administration has threatened to veto any bill which proposes to increase the minimum wage beyond $4.25 an hour; or which establishes a training wage narrower than 6 months for any new employee.

Before the debate even began, 35 Republican Senators wrote the President pledging their support for a veto. But the working poor of America—who have put their hopes in the promise of a kinder, gentler America—should not be held hostage to such tactics.

Instead, the Senate should debate the issue—and let the facts speak for themselves. There will be compromise and cooperation, and there also must be simple economic justice.

In the spirit of compromise, I have joined as a cosponsor of this amendment to S. 4 proposed by Senators GRAHAM, PRYOR, KENNEDY, and myself.

The amendment proposes a rate of $4.55 an hour, 10 cents lower than the rate reported by the Senate Labor Committee and identical to the rate already adopted by the House of Representatives.

The Graham-Pryor-Mitchell-Kennedy substitute also includes a 60-day training wage provision. But it goes farther than the comparable House provision.

The substitute provides for a cumulative 60-day period—so that workers do not shift to a higher rate if they switch jobs before a training wage period has expired. It also requires workers to be employed with an employer for at least 30 days before that employment is counted for the cumulative training wage period.

The last increase in the Federal minimum wage occurred in 1981—according to a schedule of increases enacted by Congress and signed into law in 1977. There have been many changes in the American economy since that time. There also have been disagreements over what actions have needed to be taken, as a matter of budget and tax policy.

Right now at this very moment the President proposes a capital gains tax cut which would give the top 1 percent of all American taxpayers, those Americans with annual incomes of over $200,000 a year, a tax cut of nearly $31,000 a year. The President is proposing to cut the taxes on the very wealthiest of Americans by an amount that is four times the annual income of minimum wage workers. Let me repeat that so my colleagues understand what we are talking about. The President's tax proposal would give the very wealthiest Americans a $30,000 tax cut and that cut in their taxes is four times larger than the total annual income of Americans who work at the minimum wage.

And yet we are told we cannot afford 30 cents more an hour for the poorest of Americans but we can afford $30,000 for the wealthiest Americans.

How can anyone justify wanting to give a $30,000 a year tax cut to the richest Americans—and at the same time opposing 30 cents an hour more for the poorest Americans?

That is not right. It is wrong. It is unfair.

Whatever economic recovery has been achieved since 1981, the American people have expected that sacrifices made in the national interest must be fairly shared—starting from the top down, so as not to rest on the shoulders of those who are most vulnerable on the bottom of the economic ladder.

After sacrifice, when economic gains are achieved, they too must be fairly shared.

That is what the debate over the Federal minimum wage is about. Increasing the minimum wage is a logical extension for the recovery that has been achieved since 1981, and is a precondition for any economic strategy aimed at taking the Nation into a kinder, gentler future.

Since 1981, the Nation's average hourly wage has risen by 36 percent—and the cost of living has increased by 40 percent.

In contrast, the current minimum wage of $3.35 an hour represents the lowest percentage of average hourly earnings since 1949—equal to only 34 percent of the national average. The purchasing power of the Federal minimum wage is at its lowest level since 1955.

In the State of Maine, the State minimum wage already is higher than the Federal minimum wage. Yet Maine minimum wage earners still have experienced a 17-percent decline in purchasing power since 1981.

Since 1986, Maine has debated not whether to increase the minimum wage, but whether the State could do so unilaterally—and thereby risk being put at a competitive disadvantage to other States in attracting new business and investment.

In June 1987, the Maine State Legislature passed a joint resolution calling on Congress to increase the Federal minimum wage.

In February 1988, Gov. John McKernan of Maine wrote the Maine congressional delegation, and also asked for an increase in the Federal minimum wage. "The current national rate of $3.35, which was established in 1981, has clearly not kept pace with inflation and general cost of living increases," the Governor wrote. "Thus, it is extremely difficult for an individual to take care of his or her family while earning minimum wage."

I ask unanimous consent that the full texts of the Maine Legislature's joint resolution and the Governor's letter be printed in the RECORD, immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MITCHELL. In Maine as well as the rest of the Nation, sentiment is strong that the Federal minimum wage needs to be increased. In 1988, a Gallup poll revealed that 76 percent of the American people favored increasing the Federal minimum wage to $5.05—well beyond the level that either the administration or Congress has proposed.

Six months ago, when the Senate tried to act on earlier minimum wage legislation, opponents said "There is no urgency on this bill."

But that is not the case. The need is urgent. Indeed, the debate can be described as whether we already are talking about too little, too late.

The administration is threatening a veto unless it gets the terms it wants. But there already has been significant compromise—as reflected in the House bill, and in the Graham-Pryor amendment.

For some, these compromises do not go far enough. But from the point of view of others, such compromises already have gone too far.

There is nothing to be gained by anyone in adopting an attitude of intransigence in this debate. That goes for the administration; that goes for the 35 Republican Senators who already are calling for a veto; and it goes equally for Democratic Senators.

Opponents of this amendment have raised arguments of potential job loss and inflation. These are concerns which I have discussed with many Maine business men and women, and which I myself have carefully weighed. Such risks do not outweigh the benefits of an increase to $4.55 an hour—and indeed such concerns in some cases may be based on flawed premises.

The same arguments have been raised in opposition to every increase in the Federal minimum wage that has been proposed since 1949. But the historical record shows a different pattern of results.

With the exception of 1975—a recession year—every year that has followed an increase in the minimum wage in the past has shown an increase in overall employment—and with few exceptions, the unemployment rate has actually decreased.

The economy is not static while the minimum wage is increasing. Without an increase, the national economy is expected to expand by 5.3 million jobs over the next 3 years. According to the Center on Budget and Policy Priorities in 1988, increasing the minimum wage to $4.55 might result in 70,000 fewer new jobs being produced. This contrasts to extreme claims of a "loss" of as many as 1.9 million jobs by 1995. The reality is that there will be no net loss of jobs, but rather a net gain—with perhaps a slight reduction in the rate of job creation.

Following the House vote on H.R. 2, I received a letter from Mr. John Hanson, Director of the Bureau of Labor Education, a division of the Office of Research and Public Services at the University of Maine. "The House debate appeared to focus on the number of jobs that allegedly would be lost if the minimum wage were increased," Mr. Hanson wrote. "Our research suggests that these numbers are grossly exaggerated and the economic benefits far outweigh any short term negative impact."

Mr. Hanson enclosed a copy of a report entitled "What Every Worker Should Know About the Minimum Wage," prepared by the bureau. I ask unanimous consent that a copy of the report be printed into the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. MITCHELL. A Congressional Budget Office survey of studies on the potential inflationary impact of the legislation similarly indicates that the proposed increase will only add between 0.2 and 0.3 percent per year to the inflation rate. Because the gap between the minimum wage and the average wage is so wide—that is, only 36 percent of the average, there also will be less of a ripple effect for wage differentials than for any previous increase.

Fears of inflation not only are exaggerated, but also, using inflation as an argument against an increase seems somehow callous—when one considers, again, that inflation already has eroded the purchasing power of minimum wage workers by as much as 40 percent.

The Senate should be wary of any tactics that risk making the legislation too little, too late. There already has been significant compromise on this issue.

Let us remember that this legislation is about fairness. It is also about need.

The prosperity our Nation has achieved since 1981 must be fairly shared. And fairness is required for any economic strategy intended to take the United States into a kinder, gentler future.

That means increasing the minimum wage for those who are starting out—or who otherwise are working at the bottom of the national ladder of economic opportunity.

It also means that those who already share in prosperity; who have seen reductions in tax rates; and who have enjoyed cost-of-living adjustments or other wage increases, must not pull up the ladder behind them.

Let us let all Americans share in the prosperity, including those at the bottom of the economic scale.

EXHIBIT 1

RESOLUTION

Whereas, the most basic of all human rights is the right to survival in a dignified manner; and

Whereas, the federal minimum wage was last increased to its present level of $3.35 an hour in 1981; and

Whereas, there are millions of individuals currently working for minimum wage in this country, with the great majority of these individuals being women, many of whom are heads of households working to provide a dignified living for their children; and

Whereas, studies have shown that these individuals and their families are being forced to live a life of poverty despite the initiative and determination to seek and hold employment; and

Whereas, it should be the policy of this nation, which extolls and encourages the virtues exhibited by these individuals, to reward their efforts in an appropriate manner and not to force them to request public assistance from the government; and

Whereas, the value of the contributions made by these individuals cannot be measured by mere application of the economic law of supply and demand and requires more suitable compensation than a rate of pay which has been severely eroded by inflation; and

Whereas, increasing the minimum wage would provide the accompanying benefits of stimulating the nation's economy by putting more money in the hands of the people who need it the most and would also reduce the dependence upon the country's public assistance programs; and

Whereas, experience in the State of Maine has shown that increasing the minimum wage does not carry with it any adverse economic effects, but to the contrary, since enacting its own increase in its minimum wage, the State of Maine has experienced the greatest economic activity in its history; now therefore, be it

Resolved: That We, your Memorialists, respectfully, urge and petition the 100th Congress of the United States to enact the legislation now pending in that body, namely the Kennedy-Hawkins bill, S-837, HR-1834, to increase the federal minimum wage; and be it further

Resolved: That suitable copies of this Memorial, duly authenticated by the Secretary of State, be transmitted to the President of the Senate and the Speaker of the House of Representatives in the Congress of the United States and to each member of the Maine Congressional Delegation.

STATE OF MAINE,
Augusta, ME, February 11, 1988.

Hon. GEORGE J. MITCHELL,
U.S. Senator, Washington, DC.

DEAR GEORGE: I am writing to urge you to support legislation to raise the Federal minimum wage level above its current rate of $3.35 an hour.

The current national rate of $3.35, which was established in 1981, has clearly not kept pace with inflation and general cost of living increases. Thus, it is extremely difficult for an individual to take care of his or her family while earning minimum wage.

As you are aware, Maine's current minimum wage of $3.65 is the second highest rate in the Continental United States. During the First Session of the 113th Legislature, a bill was introduced to raise Maine's minimum wage to $3.95 by January 1, 1990. I vetoed that bill. Currently, there is another bill before the Legislature that would raise the minimum wage to $4.05 per hour starting January 1, 1990, which I also oppose. My opposition to these bills is based on my belief that by raising Maine's minimum wage, independent of a national adjustment, we would hurt Maine's business climate and hinder our ability to attract new jobs to the state.

I know you share my concern for Maine people who are at the lower end of the wage scale. I want to make you aware that during this session, I am introducing legislation for increased child care, greater funding of education, and new training programs for welfare recipients and the long-term unemployed. One of my primary goals is investing in Maine people, so that they can earn a higher salary that will better enable them to raise and support their families. Inherent in this approach, however, is the need for businesses who are looking to expand or locate in Maine to believe that Maine has a supportive and positive business climate. An increase at the Federal level would help those individuals earning lower wages, while also ensuring that Maine is not put at a competitive disadvantage.

With these concerns in mind, I strongly encourage you to support a raise in the Fed-

eral minimum wage. I would be willing to help in your efforts, either personally or by offering the assistance of my staff.

Yours sincerely,

JOHN R. MCKERNEAN, Jr.,
Governor.

EXHIBIT 2

WHAT EVERY WORKER SHOULD KNOW ABOUT THE MINIMUM WAGE

Over the years, there has been continuous debate about the economic impact of the minimum wage on employment opportunities, the Gross National Product, prices, inflation, and global competitiveness.

HOW DID THE MINIMUM WAGE EVOLVE?

The Fair Labor Standards Act, enacted by Congress in 1938, served to establish minimum Federal wage and hour guidelines for the employment of American workers. Supporters of this legislation hoped to eliminate exploitive labor practices and unfair competition by establishing a minimum wage, requiring the payment of time and one-half for all hours worked in excess of 40 hours per week, and prohibiting the employment of children under 16 in industries whose production entered interstate commerce.[1] The origins of the Fair Labor Standards Act, and efforts to expand and revise its coverage during the past 50 years, have been argued on the basis of attaining economic justice and equity for working women and men.

DOES INCREASING THE MINIMUM WAGE ELIMINATE JOBS?

Opponents of an increase in the minimum wage maintain that it would price many workers out of the market; and it would become too expensive for employers to maintain existing jobs or create new ones. Some economists have predicted job losses ranging from a low of 87,000 to a high of 1.9 million, if the minimum wage is increased.[2] However, economic realities do not support these projections. In a Business Week commentary on labor, Aaron Bernstein points out that the econometric models used to make these projects are faulty because they overcount and overestimate job losses. According to Bernstein, they assume "a constant proportion of minimum-wage workers vs. all hourly workers in the economy—even though the actual share fell from 15% in 1981 to 8.8% in 1986." [3] In 1987, this proportion fell even further to 7.9%.[4]

The decline in the number of minimum wage earners has reduced significantly both the economic impact and cost of raising the minimum wage. For example, according to F. Gerard Adams, Professor of Economics and Finance at the University of Pennsylvania: "Over a three year period, raising the minimum wage would increase the unemployment rate by less than 0.1 percent. Indexing of the minimum wage thereafter is not likely to have a significant impact on unemployment." [5]

Bernstein documents additional inconsistencies concerning the erroneous projections cited earlier:

* * * the opponents' own logic indicates that raising the minimum shouldn't be devastating. If business hires fewer minimum wage workers when they become more expensive, then it should hire more workers when they become cheaper. They've become an absolute bargain since 1981, as the real value of the minimum wage has fallen. * * * Yet, there are 2.7 million fewer minimum wage workers now, while overall employment has risen by some 9 million.[6]

DOES A HIGHER MINIMUM WAGE HURT THE ECONOMY AND CAUSE INFLATION?

No. The recent historical experience of the minimum wage substantiates the opposite. From 1970 through 1980, "there is no evidence that the change in the minimum wage caused the reductions in growth of (the) GNP and employment." [7]

Furthermore, if the Federal minimum wage was increased from $3.35 to $4.65 per hour over a three year period, it would have a minimal impact on this nation's inflation rate. In projecting the overall impact of this increase, the Economic Policy Institute concluded:

The proposed increase would raise the inflation rate by no more than 0.2 percent annually over this period. In subsequent years, (if) minimum wages (were to) be indexed to average hourly earnings, the effect of the minimum wage adjustment (would) depend on the rate of wage increase in the rest of the economy; assuming wage increases of 5 to 6 percent in the 1990's, indexing of the minimum wage would contribute only 0.1 to 0.2 percent to the national inflation rate.[8]

Inflation, however, has a severe impact on minimum wage earners. The Federal minimum, which has remained at $3.35 since 1981, has eroded in purchasing power by 35% because of inflation.[9] Through the eighties, a worker fully employed at this wage level could not earn enough to keep a family of three above the poverty level.[10] The vast majority of U.S. citizens employed at this subsistence level are working adults, not teenagers. Two-thirds of this group are women, and approximately one-third are heads of households.[11]

Maine workers have fared slightly better since the state's minimum wage was increased by 10 cents per year starting in 1985 to a total of $3.65 per hour as of January, 1987. On January 1, 1989, Maine's minimum wage was increased to $3.75 per hour. However, even with these increases, Maine minimum wage earners have experienced a 17% decline in purchasing power since 1981.[12] In addition, on a proportional basis, the federal minimum wage has fallen far behind hourly wages paid in other sectors of the U.S. economy. The following table shows how much the minimum wage has eroded in relation to hourly wages paid in manufacturing and retail trade:

EROSION OF THE FEDERAL MINIMUM WAGE IN RELATION TO OTHER U.S. HOURLY WAGES [13]

[Minimum wage as a percentage of wages paid in]

Decade	Manufacture	Retail
1950's	52	77
1960's	51	73
1970's	44	64
1980's	38	59

[13] Adams, p. 4. Percentages were averaged for each decade.

Also, this erosion of the minimum wage has become deeper because there has been much higher inflation in the 70's and 80's than existed in the 50's and 60's.

WHAT BENEFITS ARE GAINED FROM INCREASING THE MINIMUM WAGE?

The benefits of increasing the minimum wage are significant. Workers are consumers as well as producers. Therefore, when the minimum wage is increased, workers employed at this level have more disposable income to spend in the marketplace. As markets expand from this spending, manufacturers and other employers operate at a fuller capacity and increase their output, thereby increasing their productivity.[14] All of this results in an improved standard of living for those earning the minimum wage, as well as increased productivity and efficiency for employers, which in turn enables them to compete more effectively. The outcome is a stronger economy which creates spin-off income and benefits for individuals, communities, states, and the nation. For example, if the minimum wage was adjusted upwards to the level of real buying power which it had in 1968, the stimulus to the economy would amount to more than $20 billion.[15] During 1986, the United States' $4 trillion economy generated about 100 million jobs.[16] Adding $20 billion more to the economy, in terms of increased buying power for minimum wage earners, could easily stimulate the emergence of another half-million jobs.[17]

Jay Mazur, President of the International Ladies' Garment Workers Union, best described the economic impact of not increasing the minimum wage:

To leave the minimum at the present inadequate and deteriorating level is to increase poverty, to weaken incentives to step up productivity, to deny the neediest a living wage and protection from exploitation, and—most important—to deprive our economy of a necessary stimulant to lift us from our present perilously stagnant state.[18]

Mr. MITCHELL. I yield to the distinguished Republican manager.

(Mr. LEAHY assumed the chair.)

Mr. HATCH. Mr. President, I have heard the litany of these arguments

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[1] Balliet, Lee "Survey of Labor Relations," Second ed. Washington D.C.: Bureau of National Affairs, Inc., 1987 p. 62.

[2] Roger Brinner, Chief Economist, Data Resources, Inc. and Graciela Testa—Ortiz, Chamber of Commerce: Cited in Aaron Bernstein's Labor Commentary entitled: "Dispelling The Myths About A Higher Minimum Wage," Business Week, Oct. 19, 1987 ed., p. 146.

[3] Bernstein.

[4] Obtained through a telephone interview with the U.S. Bureau of Labor Statistics, Washington, D.C., on Dec. 9, 1988. (Supplied by Mike Addams, Maine Dept. of Labor, Division of Economic Analysis and Research).

[5] F. Gerard Adams, "Increasing the Minimum Wage: the Macroeconomic Impacts," Washington, D.C.: Economic Policy Institute, July 1987. p. 2.

[6] Bernstein.

[7] Adams, p. 5.

[8] Ibid., p. 2.

[9] Telephone interview on 12/12/88 with John Zalusky, Head of the Office of Wages and Industrial Relations, AFL-CIO Department of Economic Research, Washington, D.C.

[10] Jay Mazur, "It's Time To Raise The Minimum Wage," The AFL-CIO American Federationist, March 21, 1987 ed., vol. 94. p. 6-7.

[11] Carlos Davidson, "Campaigning For A Livable Wage, *Dollars and Sense,* June, 1988 ed., p. 16.

[12] Computed by John Hanson and Bill Myrphy, Bureau of labor Education, using U.S. CPI data reported from 1981-1988.

[14] Gus Tyler, "Minimum Wage—Still Fighting the War on Poverty," *AFL-CIO American Federationist,* May 1977 ed. p. 1.

[15] Mazur, p. 8.

[16] *Ibid.*

[17] *Ibid.*

[18] *Ibid.*

for a long time. They talk in terms of purchasing power going down when the actual facts are that the purchasing power of most minimum wage earners has gone up since 1981 because the number of minimum wage earners has decreased from 7.8 million down to 3.9 million showing that most people are not stuck in the minimum wage jobs. Only 6 percent of the 12.7 million young people who are between the ages of 16 and 23 in 1981 when this 5-year study began are still under minimum wage.

The key and the real issue here is whether young people, especially minorities and women, are ever going to get an opportunity to work and to learn these skills that the distinguished majority leader described so well.

To come in here at the last minute and say, as the distinguished Senator from Massachusetts did, as, of course, the distinguished majority leader did, that is it not terrible that a President who would give a capital gains reduction is now unwilling to give 30 cents an hour. Come on, they are two different issues.

The fact is that it ignores the fact, even if we consider the capital gains reduction, that it is going to create more savings, more investment, more jobs, more opportunities, and more privileges for the people who have not had them through the years in getting jobs. It is a whole different debate and has nothing to do with this debate.

Here we are being asked to make a choice, a real choice, a choice between a 36-percent increase, which is what the Graham-Pryor-Kennedy amendment is, and a minimum wage cost of 600,000 jobs over the next number of years and a 27-percent increase which the President would have—27 percent versus 36 percent, and they are saying that he is unwilling to compromise.

This is not some modest, inconsequential increase. And he questions whether he should make that at all because of the loss of jobs. A 27-percent increase, which will soften the blow to the unskilled workers in our society. We have to choose between a proposal that could cost 600,000 to 650,000 jobs and one that will offset two-thirds of that job loss.

Will the distinguished minority leader yield me a couple minutes more?

Mr. DOLE. I yield 2 minutes of my leader time, which I did not use this morning.

The PRESIDING OFFICER. The Senator has that right. The Senator from Utah is recognized for 2 additional minutes.

Mr. HATCH. We are asking to choose between a training wage that is unworkable, the one that the distinguished Senator from Florida I am sure sincerely offers but is unworkable, and anybody who fairly looks at it knows that it is unworkable, and that is the reason it has probably been formulated, and one that will save nearly 170,000 jobs, that of the President.

Let us give this training wage a chance. It really means something. We have to choose between a training wage proposal that limits the options of individual workers and one that permits them the flexibility to choose. This is not some inconsequential debate. This is not the same thing that has happened before.

Thousands of editorials across this country and newspapers and television stations have said it is time to get rid of this archaic relic and start worrying about jobs and opportunities for young people, especially minorities and women.

We have to choose between a proposal that forces employers to jump through hoops in order to hire new workers and one that fairly enables employers to use the wages to protect and create job opportunities. It seems to me supporting President Bush's compromise on the minimum wage is a way that we can choose to have our cake and eat it to. It is a way that those Senators who believe that a raise in the minimum wage is desirable and necessary can vote for such an increase without jeopardizing the jobs of so many hundreds of thousands of unskilled and inexperienced workers.

It is a clear choice. I urge my colleagues on both sides of the aisle to reject this weak compromise proposed by the majority and instead support the President's well-balanced alternative.

Last, but not least, the President said:

I am taking a principled approach. I am not going to budge on it. If you don't take it, I am going to veto it.

I think we have the votes to sustain his veto. Those who want an increase in the minimum wage I think should reject this proposal and vote for the President's proposal because that is the way to get their increase. And if they do, they are going to get a true training wage that will help these young people in our society like never before.

Mr. DOLE. Mr. President, I will just take a couple of minutes here.

Let us keep in mind the profile—58 percent of all minimum wage earners are 25 years of age or less; 72 percent of all minimum wage earners are unmarried; 67 percent who are paid the minimum wage work less than 35 hours a week, and a great majority are not heads of households.

So we are talking about whether we want to keep these young people back on the streets, out with the crack, out with the drugs—we all talk about drugs—or whether we want them to go to work.

I would also add I have heard this argument twice about $30,000 and 30 cents. It is ridiculous to even make the statement on the Senate floor. Who pays the 30 cents and the 30 cents and the 30 cents, the 90 cents under the President's bill? The employer pays it, not the Government. It is not a tax. The employer pays it. And somebody is going to lose their job because sometimes small employers cannot pass it on. So what do they do? They lay off somebody. And that is how you lose 600,000 jobs out of the so-called compromise plan. So I hope we would stick to the cases.

The Senator from Utah pointed out about reducing the capital gains rate. It is a proposal. It is not on the floor. It might even create more jobs. There will be a lot of Democrats vote for it if it ever gets out here, believe me.

But the argument today is whether or not we are going to lose jobs, whether we are going to address the truly working poor. I say the compromise does not do it. I say President Bush has gone as far as he is going to go, and that is it.

If my colleagues on the other side do not want that, we will have the veto. We will have the veto sustained, and we will be back here in a couple of months debating the minimum wage again.

IT'S TIME TO RAISE THE MINIMUM WAGE

Mr. RIEGLE. Mr. President, I rise in support of an increase in the minimum wage and congratulate Senator KENNEDY for his leadership on this important and difficult issue. An increase in the minimum wage is overdue. Its purchasing power has declined by 38.5 percent since 1981, the last time it was raised.

Six times since World War II the minimum wage has been adjusted to compensate for inflation. The time to make this adjustment again is now.

To his credit, President Bush has recognized the need for an adjustment in the minimum wage. Unfortunately, his proposal falls short of the action necessary to enable full-time workers to maintain a minimum living standard without reliance upon public assistance.

During the 1960's and 1970's, full-time work at the minimum wage sustained a family of three above the poverty line. Under the President's proposal, full-time minimum wage earnings in 1992 would equal only 78.1 percent of, or $2,200 below, the projected poverty line for a family of three.

The argument against a substantial increase in the minimum wage rests on the belief that such an increase will result in significant job loss—more precisely, fewer new jobs created—and higher rates of inflation. Concerned as I am about the impact of any legislation on jobs and small businesses, I naturally take these arguments seriously.

Upon closer inspection, many of the empirical studies bolstering this position overstate the case. As a recent analysis in Business Week notes, the percentage of workers earning wages at or near the minimum wage has declined steadily in recent years from 36 percent to 19.5 percent of the work force. Moreover, 16 States have already enacted a minimum wage above $3.35. Finally, today's minimum wage is far less in relation to the average wage than it was in earlier decades. Together, these facts suggest that a minimum wage increase will have a far smaller impact on job creation and inflation than the administration asserts.

Furthermore, history does not support the job-loss position. Only one of the six minimum wage hikes since World War II has been followed by an increase in unemployment, and that was during the 1975 recession.

Admittedly, the difference between the President's proposal and the committee amendment does not represent the difference between overall success and failure in the fight against poverty in our society. However, it does represent an important difference in the fight against poverty for a significant part of our society. Of workers earning between $4.25 and $4.65 an hour, more than 60 percent are full-time workers, nearly 60 percent are over 25 years of age, and only 30 percent are dependent children.

Mr. President, we owe it to these people to restore the fairness and integrity of the minimum wage. For this reason, I support the amendment for a full increase in the minimum wage.

Mr. GRASSLEY. Mr. President, I would like to address the minimum wage proposals before us. Frankly, I am not sure the current economic climate warrants an increase in the minimum wage; it seems like the marketplace is addressing the issue better then we can. After all we are in the midst of record economic expansion, and fewer people are working at the minimum wage. The number of minimum wage workers has declined by 40 percent since 1982, according to the Department of Labor. And last year alone, the number of minimum wage earners declined by 770,000. It seems to me, Mr. President, that this is another example of Congress ratifying decisions already made in the marketplace.

I do understand that the minimum wage has not gone up since 1981. And for that reason, I have said I would support a moderate increase in the minimum wage. It is well established that we will lose jobs as a result of any increase in the minimum wage. Economists agree on this fact. The Department of Labor's studies show that for every 10-percent increase in the minimum wage, we lose at least 100,000 jobs and may lose up to 200,000 jobs. So, the issue before us is, How big of an increase should we enact and how many jobs can we stand to lose?

Based on these facts, I believe President Bush's proposal strikes the proper balance. Over the next 3 years, the minimum wage would go up by 90 cents, or 27 percent. This will save about 400,000 of the jobs which would be lost by a boost in the minimum wage to $4.65.

The administration's proposal also has some other important features that merit support. First is the tip credit increase to 50 percent. This will allow employers to treat tips the same for the purposes of both the tax laws and the minimum wage.

Second is the training wage. This would be a new addition to our minimum wage law, but one which I think is important. Many employers already use a wage differential for new hires, and many collective bargaining agreements contain ladders for wage rates, recognizing that training and experience lead to higher wages.

I do, however, have some concerns about a training wage. First, we must ensure that it is a true training wage, and not one that can be used as a subterfuge by employers to keep their work force at below minimum wage forever. Second, the training wage provision should recognize that training learned on one job may be transferable to another similar job. Third, a training wage is not mandatory, and if the new employee can command a higher wage because of experience, the employer is not required to hire at the training wage, or keep the employee at the training wage for a specified time.

While the administration's proposal may not address all of my concerns, I do think that it is a good beginning. The creation of a training wage will save jobs. And that should be the overriding consideration with the enactment of any increase in the minimum wage.

For these reasons, I will support the President's version of the minimum wage bill.

Mr. BOREN. Mr. President, the issue before us regarding the proposed increase in minimum wage is a very difficult one for me. I have deep compassion for those who are trying to live and meet family responsibilities on the amount provided by the minimum wage. The cost of living in most parts of the country has increased dramatically since the minimum wage was last adjusted.

In most parts of the country, the minimum wage can be adjusted without causing economic dislocation and hardship. If I were a Senator from a different State where the prevailing economic conditions were different than those of my home State, I would vote in support of a larger increase in minimum wage. As a Senator from Oklahoma, however, I feel I must reflect the unique and different economic circumstances which are affecting the people of Oklahoma who sent me to the U.S. Senate.

We are passing through economic difficulties which are tragically parallel to the trauma of the depression era, including record numbers of farm foreclosures, small business bankruptcies, and the failure and liquidation of financial institutions. The fact is that in Oklahoma, many employers who would like to give raises to their employees simply cannot afford to do so.

If the minimum wage is increased in the next 3 years as rapidly as has been proposed by some, it is my great fear that it will simply force many employers in my home State to reduce the number of employees, terminate jobs, and increase unemployment roles. This would hurt countless Oklahomans. Unfortunately, there appears to be no feasible way of setting a minimum wage which would vary with the differing economic conditions from State to State.

I had hoped that a bipartisan compromise might be reached, allowing an increase somewhere between the $4.25 proposed by the administration and the $4.55 by the Graham substitute with a training wage in between the two proposals. It is clear that the parliamentary situation does not make such a compromise proposal possible at this time. Therefore, regrettably, I feel that I have no choice as I try to honestly reflect the troubled economic conditions in my home State but to vote against larger increases.

The PRESIDING OFFICER. All time has expired.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the Senator from Florida. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 61, nays 39, as follows:

[Rollcall Vote No. 29 Leg.]

YEAS—61

Adams	DeConcini	Kennedy
Baucus	Dixon	Kerrey
Bentsen	Dodd	Kerry
Biden	Durenberger	Kohl
Bingaman	Exon	Lautenberg
Boren	Ford	Leahy
Bradley	Fowler	Levin
Breaux	Glenn	Lieberman
Bryan	Gore	Matsunaga
Bumpers	Graham	Metzenbaum
Burdick	Harkin	Mikulski
Byrd	Hatfield	Mitchell
Cohen	Heflin	Moynihan
Conrad	Heinz	Nunn
Cranston	Inouye	Packwood
Daschle	Jeffords	Pell

Pressler	Rockefeller	Simon
Pryor	Sanford	Specter
Reid	Sarbanes	Wirth
Riegle	Sasser	
Robb	Shelby	

NAYS—39

Armstrong	Gramm	McClure
Bond	Grassley	McConnell
Boschwitz	Hatch	Murkowski
Burns	Helms	Nickles
Chafee	Hollings	Roth
Coats	Humphrey	Rudman
Cochran	Johnston	Simpson
D'Amato	Kassebaum	Stevens
Danforth	Kasten	Symms
Dole	Lott	Thurmond
Domenici	Lugar	Wallop
Garn	Mack	Warner
Gorton	McCain	Wilson

So the amendment (No. 20) was agreed to.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. BAUCUS). The Senator from Utah.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah has the floor.

Mr. HATCH. I will be happy to yield.

Mr. MITCHELL. I was going to ask whether under the previous order the Senator from Utah was to be recognized for purposes of offering an amendment.

The PRESIDING OFFICER. The majority leader is correct.

AMENDMENT NO. 21

(Purpose: To provide a substitute amendment)

Mr. HATCH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Utah [Mr. HATCH] for himself, Mr. DOLE, and Mr. COATS, proposes an amendment numbered 21.

In lieu of the matter proposed to be inserted, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Minimum Wage Restortation Act of 1989".

SEC. 2. RESTORATION OF MINIMUM WAGE.

Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

"(1) except as otherwise provided in this section, not less than $3.35 an hour during the period ending December 31, 1989, not less than $3.65 an hour during the year beginning January 1, 1990, not less than $3.95 an hour during the year beginning January 1, 1991, and not less than $4.25 an hour after December 31, 1991;".

SEC. 3. NEW HIRE WAGE.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) is amended by adding at the end thereof the following new subsection:

"(g)(1)(A) Any employer may, in lieu of the minimum wage prescribed by subsection (a)(1), pay any employee the wage prescribed by subparagraph (B) if such employee has not been previously employed by such employer.

"(B) The wage referred to in subparagraph (A) shall be at least a wage equal to 80 percent of the wage prescribed by subsection (a)(1), but at least $3.35 per hour.

"(2) An employer may pay an employee the minimum wage authorized by paragraph (1) for a period not to exceed 180 days beginning with the day the employee began employment with the employer.

"(3) No employee may be displaced by any employer (including partial displacement such as reduction in hours, wages, or employment benefits) as a result of an employer paying the rate described in this subsection.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to employees first employed by an employer on or after January 1, 1990.

SEC. 4. CHANGE IN ENTERPRISE TEST.

(a) IN GENERAL.—Effective January 1, 1990, the first sentence of section 3(s) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(s)) is amended—

(1) by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) is an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level that are separately stated);"; and

(2) by redesignating paragraphs (3) through (6) as paragraphs (2) through (5), respectively.

(b) PRESERVATION OF COVERAGE.—The next to last sentence of section 3(s) of such Act is amended—

(1) by striking out "Notwithstanding paragraph (2), an enterprise which is comprised of one or more retail or service establishments, which on June 30, 1978" and inserting in lieu thereof "Notwithstanding paragraph (1), an enterprise that on December 31, 1989";

(2) by striking out "Fair Labor Standards Amendments of 1977" and inserting in lieu thereof "Minimum Wage Restoration Act of 1989"; and

(3) by striking out "$250,000" and inserting in lieu thereof "(A) in the case of an enterprise described in paragraph (1) (as it existed before the amendment made by section 4(a)(1) of such Act), $250,000, or (B) in the case of an enterprise described in paragraph (2) (as it existed before such amendment), $362,500".

(c) CONFORMING AMENDMENT.—Section 13(a)(2) of such Act (29 U.S.C. 213(a)(2)) is amended by striking out "section 3(s)(5)" and inserting in lieu thereof "section 3(s)(4)".

SEC. 5 TIP CREDIT.

The third sentence of section 3(m) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)) is amended by striking out "in excess of 40 per centum of the applicable minimum wage rate, except that" and inserting in lieu thereof the following: "in excess of (1) 45 percent of the applicable minimum wage rate during the period ending December 31, 1990, or (2) 50 percent of the applicable minimum wage rate after December 31, 1990, except that".

The PRESIDING OFFICER. Under the previous order, the pending amendment is to be disposed of without debate.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Republican leader.

Mr. DOLE. Do I have the leader's time remaining?

The PRESIDING OFFICER. The Republican leader has 6 minutes 11 seconds remaining.

Mr. DOLE. I can use that time?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. I yield 2 minutes to the Senator from Utah.

Mr. HATCH. Mr. President, I do not intend to take the 2 minutes, but let me just say this.

The PRESIDING OFFICER. The Senate is not in order. All Senators in the well will please withdraw from the well.

The Senator from Utah.

Mr. HATCH. Mr. President, I thank the distinguished minority leader for granting me this time. But all I intend to say is this: The President has said that if the prior amendment which was agreed to becomes the bill sent to the conference, or any version of it becomes the bill sent to the White House from the Congress, he will veto it.

I believe that veto will be sustained. Frankly, if it is sustained, those who want an increase in the minimum wage it seems to me ought to evidence that by voting for the President's package at this time because I believe it is the only way any increase in the minimum wage will occur this year.

So I would urge all our colleagues to consider voting for the President's proposal which we propound. Rather than take any more time, I ask for the yeas and nays on that particular amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment. On this question, the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Minnesota [Mr. DURENBERGER] is necessarily absent.

The PRESIDING OFFICER (Mr. GRAHAM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 41, nays 58, as follows:

[Rollcall Vote No. 30 Leg.]

YEAS—41

Armstrong	Gramm	McConnell
Bond	Grassley	Murkowski
Boren	Hatch	Nickles
Boschwitz	Hollings	Pressler
Burns	Humphrey	Roth
Chafee	Jeffords	Rudman
Coats	Johnston	Simpson
Cochran	Kassebaum	Stevens
D'Amato	Kasten	Symms
Danforth	Lott	Thurmond
Dole	Lugar	Wallop
Domenici	Mack	Warner
Garn	McCain	Wilson
Gorton	McClure	

NAYS—58

Adams	Biden	Breaux
Baucus	Bingaman	Bryan
Bentsen	Bradley	Bumpers

Burdick	Heflin	Nunn
Byrd	Heinz	Packwood
Cohen	Helms	Pell
Conrad	Inouye	Pryor
Cranston	Kennedy	Reid
Daschle	Kerrey	Riegle
DeConcini	Kerry	Robb
Dixon	Kohl	Rockefeller
Dodd	Lautenberg	Sanford
Exon	Leahy	Sarbanes
Ford	Levin	Sasser
Fowler	Lieberman	Shelby
Glenn	Matsunaga	Simon
Gore	Metzenbaum	Specter
Graham	Mikulski	Wirth
Harkin	Mitchell	
Hatfield	Moynihan	

NOT VOTING—1

Durenberger

So the amendment (No. 21) was rejected.

Mr. MITCHELL. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ARMSTRONG. Mr. President, I seek recognition.

The PRESIDING OFFICER. Does the majority leader yield the floor?

Mr. MITCHELL. Yes, Mr. President, I do.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

AMENDMENT NO. 22

(Purpose: To amend title II of the Social Security Act to increase the monthly earnings test limit, to express the sense of the Congress regarding the phase-out and elimination of such test by the year 2000 for individuals who have attained retirement age, and for other purposes)

PHASE OUT THE RETIREMENT EARNINGS TEST

Mr. ARMSTRONG. Mr. President, today I am launching a two-part assault to relieve the Nation's working elderly from one of the most egregious, inequitable and anachronistic burdens of the modern workplace: the Social Security retirement earnings test.

The first part will begin today as I introduce an amendment to give the Social Security retirement earnings limit a 1-year boost and to call for it eventually to be phased out completely. The second part will be a broader legislative effort aimed at doing just that—phasing the earnings test out completely by the year 2000. It seems very fitting that, as this century comes to an end, so too will one of its most outdated and counterproductive labor policies.

So, I intend to advance against the Social Security earnings test on all fronts, and I look at today's effort as another step on what will perhaps prove to be a long road toward the goal of equity for America's working elderly.

Many of us have been working on this problem for some time already. In fact, in 1983 Senator DOLE and I advanced a similar proposal during consideration of the Social Security solvency amendments. That proposal was approved by the Senate Finance Committee and was included in the Senate-passed version of those amendments. I recall with gratitude the senior Senator from New York, Senator MOYNIHAN, saying at the time that, of all the proposals we had made, the one he thought would have "the most impact upon the lives of present and future retirees is the abolition of the earnings test." In fact he characterized the earnings limit as "a tax on benefits." Unfortunately, however, it was dropped in conference committee at the insistence of the other body.

Despite the disappointments of the past there remains strong public and congressional interest in eliminating the retirement earnings test. It is the feature of the Social Security Program that is one of the most unpopular with the public. Twenty-six bills—with 151 cosponsors—to modify substantially or eliminate the test were introduced in the 100th Congress and at least 12 bills—with cosponsors—have already been introduced in this 101st Congress. Clearly, the will of the people and the intent of the Congress is that some action is called for to right this injustice.

Here is how the earnings test works now. Social Security beneficiaries under age 70 face sharp reductions in their monthly benefit if their wage earnings exceed a specified amount. These seniors will lose fully $1 of benefits for every $2 of income they receive above the earnings limit, which is currently set at $8,880. In other words, people earning just $9,000 are subject to what is in effect a marginal tax rate that is practically unheard of in the Western democracies. I have thought long and hard, Mr. President, but I can't think of a single reason why we should tax our working elderly as if they are Swedish millionaires.

Mr. President I would like to say at the outset that I would much prefer to accomplish a phaseout of the earnings test in a simple, straightforward manner. Unfortunately, with the deficit problem we have in this country today, we are and should be constrained by strict budgetary rules and Gramm-Rudman-Hollings targets. As the Congressional Budget Office has determined this proposal constitutes an expansion of entitlement authority, my amendment is drafted to fully satisfy those needs.

My amendment will result in a boost in the yearly earnings limit of at least $1,000 next year. Technically, it raises the monthly earnings test by $80 in August of this year. Because the annual earnings test is based on the monthly rate, this single, small boost will guarantee seniors the full increase of $1,000 when next year's annual earnings test is calculated.

The number 1,000 is a nice round amount, but it was not arrived at arbitrarily. Nor was the legislative vehicle for this amendment, the minimum wage bill. Mr. President, the studies I have seen show that increases in the minimum wage cause a kind of ripple effect, raising wages at higher levels throughout the economy. Many of our senior citizens are filling jobs paying the minimum wage. So, a hike in the minimum wage, by ratcheting up other wage brackets and, possibly, living expenses, is clearly going to push more and more of our working elderly higher and higher above the confiscation level of the earnings test.

Now, economists are going to have a field day trying to quantify how many people are affected and to what degree, but I think it is impossible to argue that a minimum wage hike will not affect the working elderly. A greater share of their earnings will be above the earnings test if the minimum wage hike becomes law. At a time when all of this country's seniors are struggling to make ends meet and are just starting to come to terms with new and heavy burdens like the Medicare premiums for catastrophic health care, I think it is high time they had at least a small measure of relief.

In short, we need to cushion the impact of the minimum wage increase we are currently contemplating, and a one-time increase of $1,000 in the earnings test will come close to offsetting the effect of the minimum wage hike the Senate is considering. Under the Senate's bill, the minimum wage is scheduled to increase by 14.9 percent in 1990, 10.4 percent in 1991, and 9.4 percent in 1992. Since 1984, the Social Security earnings limit has averaged annual increases of only 4.6 percent—just a third of next year's minimum wage hike. Again, it is clear something must be done.

My amendment has a cost of $1 million in fiscal year 1989 and about $150 million next year, but it is paid for by another provision of my amendment, which repeals the retroactive month of retirement. We more than offset the fiscal year 1989 cost and completely offset the fiscal year 1990 cost. This offset involves a relatively minor change in the retirement program. Congress repealed most reduced retroactive benefits in 1977, largely because they were not in the long-term best interests of retirees, but this one remains today.

It essentially provides an option for workers to retire retroactively in exchange for lower payments over the balance of their lifetime. Such an option is complex to administer and can result in beneficiaries being charged with overpayments, thus forcing them to write checks back to the Social Security Administration for money they have already received and spent or have this money deducted from their future benefits. Repeal of

this provision in the manner we prescribe should result in no such overpayments. Perhaps this is why eliminating the conditional month of retirement has been suggested by the Social Security Administration itself. It is important to understand that repeal of this provision would not affect people's entitlement to receive full benefits beginning with the month they retire.

The Social Security Administration estimates 1 million people suffer some reduction in benefits because of the earnings limit: 700,000 workers, 115,000 dependents, 40,000 survivors, and an estimated 140,000 people who do not even bother to file. Importantly, an estimated 85,000 will be saved completely from any reduction in benefits due to the earnings limit simply by voting in the modest relief that I am proposing in this amendment.

This has apparently not stopped some people from using scare tactics about our offset. Repeal of the option for retroactive retirement will take no benefits away from anyone who has them today. It is true that in the future, if this amendment becomes law, retirees will not have the option of retroactive retirement. An estimated 100,000 people out of the 1,612,000 who retired last year retired retroactively—that comes to 6.25 percent. Now, the argument can be made that we are disadvantaging the people in the future who would have used this option, specifically an estimated 30,000 dependents—only about 5,000 of which would be minors—but this case must be viewed in proper perspective.

By a vast majority, these are people who are over 65 who do not qualify for benefits themselves because they have not paid into Social Security. They are "disadvantaged" because they can only receive benefits when the worker begins getting benefits and we are removing the option to retire retroactively. By some strange quirk in law, the worker who has paid into Social Security receives a reduced benefit if he retires retroactively, while the dependent still receives a full benefit. In this way, in a worst case scenario, we "disadvantage" some for no more than 6 months in the first year they begin to get benefits. A poor comparison to the 1 million people, 115,000 of which are dependents, that we will help every single year the earnings limit is in existence. Perhaps that is why the American Association of Retired Persons, representing some 30 million older Americans, enthusiastically supports this amendment. They specifically state that, in light of the current budgetary constraints under which we are forced to operate, "AARP believes that the offset in [our] amendment is a reasonable one." The National Committee to Preserve Social Security and Medicare, an aggressive protector of Social Security beneficiaries, spells out in more detail why they support our amendment. They state—

> We believe the proposed elimination of retroactive retirement benefits to over-age-65 and their dependents will not cause undue hardship, particularly if public education efforts alert older workers to this change. At the same time, the proposed increase in the earnings limitation has the long range potential for vastly improving the economic status of low-income older workers. Our support for your amendment is based on our evaluation of this cost-benefit equation.* * *

In addition to offering some real relief to our senior citizens next year with changes in law that pay their own way, my amendment includes sense of the Senate language calling for a gradual elimination of the earnings test by the year 2000. We also have sense of the Senate language calling for an acceleration of the delayed retirement credit of 8 percent from the year 2009 to the year 2000. The delayed retirement credit, currently 3 percent, was designed to compensate a worker who decides not to retire at age 65 and receive Social Security benefits. Unfortunately, the current level does not come close to actually compensating an elderly worker for the benefits he foregoes. My amendment will put us on record favoring a long-term plan to ease the burden on our working elderly: end the earnings limit by the year 2000 and, the same year, begin the 8-percent delayed retirement credit instead of waiting to the year 2009.

Our current situation is dire. Senior citizens who want to continue working are severely penalized. It is rather ironic that we want our senior citizens to remain active, but present them with incentives to do exactly the opposite. America's elderly have already borne the burden of decades of hard work. They have paid Social Security taxes throughout their working lives. How can it be fair that they lose some of those benefits simply because they choose to continue offering the benefit of their abilities and experience to America?

If we compare the tax consequences of working, there is a starkly unequal treatment before the law. The marginal tax rates imposed on the elderly by the earnings limit are confiscatory, plain and simple. Because of the earnings limit, a senior worker who should be in the lowest tax bracket may end up paying marginal tax rates as high as 83 percent. A young worker doing exactly the same work and making exactly the same income, would face a marginal income tax rate of 15 percent and a Social Security tax rate of 7.51 percent in 1989. Nobody would tolerate such abusive age discrimination if they could see it; but because it is a hidden effect of an outdated Social Security policy, this kind of discrimination has become an appalling fact of working life for this country's wage-earning elderly.

And here is how this complex and anachronistic policy affects individual seniors: after contributing to the Social Security Program for decades and reaching age 65, the elderly are presented with a painful choice—eliminate virtually all significant earnings or face stiff cuts in the benefits to which they are otherwise entitled. A choice like that can only drive productive individuals to a full retirement or force them to forego benefits they've worked for over a lifetime.

Many elderly citizens, while ready to reduce their work activity at age 65, do not want to withdraw completely from the work force. Many desire to remain productive and contributing members of society. Some need additional earnings to meet living and health care expenses at a time when their principal sources of income are fixed. And the $8,880 in income that is under the earnings ceiling won't buy a senior citizen much medical care these days. Yet, because of the low earnings limit, there is seldom a viable choice but to stop working.

Beyond the fairness question, there are also practical problems with the earnings test. The limit is an administrative monster to the Social Security Administration. SSA spends more than $200 million a year and uses 8 percent of its employees to police the income levels of beneficiaries. For beneficiaries, the earnings limit can mean confusion and frustration at requirements to monitor, estimate, and report income levels to the Government. The result is often a sense of disillusionment in a program many believed would pay full benefits when they turned 65.

When Social Security was started in the wake of the Depression, it was deemed appropriate to establish incentives for the elderly to leave the work force to open jobs for others. The earnings test was born of this view. Today, such a notion is a complete anachronism. When potential labor shortages loom in the future—shortages that are already a reality in parts of Western Europe—it is utter folly to retain such a strong disincentive for America's elderly to continue working.

Let me acknowledge that this proposal is not without some critics. Some may say that retirement benefits should not be paid to people who still work. Again, that view would either discourage senior citizens from pursuing productive lives, or deny them the benefits of a program they were forced to contribute to during their decades of full-time work. This is the view of people who look on the Social Security Program as some kind of welfare for seniors, instead of what it really is—a program to supplement the well-being of America's senior citizens and guar-

antee them a certain quality of life. Social Security benefits are properly regarded as a floor, not a ceiling.

Some may say this proposal benefits the rich among Social Security beneficiaries, those able to continue working and earn extra income. In fact, this proposal would actually mitigate one of the unfair aspects of the current law. Today, Social Security beneficiaries with unlimited "unearned" income from pensions, investments, or stock dividends, face no reductions in benefits through the earnings test; but those who work to earn anything more than $8,880 a year lose 50 cents in benefits for every dollar they earn. In fact, the median income for the working elderly including Social Security benefits is $18,000 a year. Rather than favoring the well-to-do, this proposal should restore some sense of equity in the tax treatment of retired citizens.

The situation is critical and a lot of our elderly citizens are caught in the earnings test trap; faced with 50 percent benefit cuts if they continue working, they have been driven out of the workplace altogether. Since the passage of the Social Security Act of 1935, there has been a virtually continuous decline in the percent of elderly male workers who remain in the labor market. Currently, 83 percent of all men and 92 percent of all women age 65 and over are completely retired. Between 1970 and 1985, the retirement rate among those 65 years old has increased by 40 percent.

In his inaugural address, President Bush made a statement with which I believe we can all agree. He stated, "We must bring in the generations, harnessing the unused talent of the elderly * * *." Mr. President, the first step toward realizing this goal is phasing out the retirement earnings test. I ask that my colleagues join me in attempting to make the retirement years of our elderly as productive and prosperous as possible.

Mr. President, with that word of explanation, I do send to the desk, on behalf of Senator DOLE and myself and on behalf of Senators EXON, DECONCINI, COATS, SYMMS, DURENBERGER, D'AMATO, HELMS, HATCH, CHAFEE, KASTEN, GRAMM, GORTON, COHEN, GRASSLEY, and NICKLES, the amendment which I have described and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado [Mr. ARMSTRONG], for himself, Mr. DOLE, Mr. EXON, Mr. DECONCINI, Mr. COATS, Mr. SYMMS, Mr. DURENBERGER, Mr. D'AMATO, Mr. HELMS, Mr. HATCH, Mr. CHAFEE, Mr. KASTEN, Mr. GRAMM, Mr. GORTON, Mr. COHEN, Mr. GRASSLEY, and Mr. NICKLES, proposes an amendment numbered 22.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. BRYAN). Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert the following new title:

TITLE II—EARNINGS TEST

SEC. 201. RETIREMENT EARNINGS TEST.

(a) IN GENERAL.—Subparagraph (D) of section 203(f)(8) of the Social Security Act (42 U.S.C. 402(f)(8)) is amended by inserting "(i)" after "(D)" and by adding at the end thereof the following new clause:

"(ii) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(1) before 1990 shall be $820 for August 1989 through December 1989 for purposes of—

"(I) applying subparagraph (E) and (F) of paragraph (1); and

"(II) applying subparagraph (B) with respect to a determination made by the Secretary pursuant to subpargraph (A) as a result of a benefit increase effective with December 1989.".

(b) CONFORMING AMENDMENT.—

(1) Section 203(f)(8)(C) of such Act is amended by inserting "(other than 1989)" after "such determination is made".

(2) The second sentence of section 223(b)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking out "which is applicable to individuals described in subparagraph (D) thereof" and inserting in lieu thereof "which would be applicable to individuals who have attained retirement age (as defined in section 216(1)) without regard to any increase in such amount resulting from a law enacted in 1989".

SEC. 202. SENSE OF CONGRESS REGARDING PHASE-OUT AND REPEAL OF EARNINGS TEST BY 2000 FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

It is the sense of the Congress that—

(1) the earnings test limitation described in section 203(f) of the Social Security Act (42 U.S.C. 403(f)) be increased incrementally above the increases specified in current law in each taxable year beginning after 1990 and before 2000,

(2) such earnings test limitation be repealed for taxable years beginning after 1999 with respect to individuals who have attained retirement age (as defined in section 216(l) of such Act (42 U.S.C. 416(l)), and

(3) the 8 percent delayed retirement credit (determined under section 202(w) of such Act (42 U.S.C. 402(w)) be fully implemented by the year 2000.

SEC. 203. RETROACTIVE ENTITLEMENTS PROHIBITED.

(a) IN GENERAL.—Section 202(j)(4) of the Social Security Act (42 U.S.C. 402(j)(4)) is amended—

(1) in subparagraph (A), by striking "if the effect" and all that follows and inserting in lieu thereof "if the amount of the monthly benefit to which such individual would otherwise be entitled for any such month would be subject to reduction pursuant to subsection (q)."; and

(2) in subparagraph (B), by striking clauses (i) and (iv) and redesignating clauses (ii), (iii), and (v) as clauses (i), (ii), and (iii), respectively.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective for monthly benefits payable on the basis of applications filed after July 1989.

Mr. KASTEN. Mr. President, I rise today in support of Senator ARMSTRONG's amendment to raise the retirement earnings test amendment. This amendment is imperative to our most treasured citizens of the United States—our senior citizens. This amendment reassures our senior citizens that an increase in the minimum wage would not cause them the unnecessary and unintended hardship of the earnings test.

The amendment would adjust the Social Security earnings limit to reflect the higher minimum wage—and thus ensure that elderly workers earning near the minimum wage would not lose any benefits as a result of their increased earnings.

Mr. President, since its inception in 1965, the Social Security System has imposed some form of earnings test on those citizens who were otherwise eligible to receive Social Security benefits. Originally, the earnings test was openly supported as a way of pushing the elderly out of the work force in order to make room for younger workers.

This was a valid argument during the Depression when job opportunities were scarce, but is not valid today. Many arguments have been put forth recently to raise—and eventually eliminate—the earnings cap.

Today's elderly are healthier and live longer lives. They have the talents, skills, and experience that would greatly benefit our society.

However, the earnings limit—which is currently $8,880 for individuals age 65 to 69—is a major work disincentive for older workers because of the substantial penalty they pay for working. In addition to losing Social Security benefits, they incur work-related expenses and additional taxes on their earned income.

Elderly workers are compelled to choose between collecting benefits and the dignity of employment. The tax rate is so high that most elderly workers choose to reduce their work effort—or just drop out of the workforce altogether.

This amendment does not propose to repeal the Social Security earnings test—this amendment simply provides some temporary relief for senior citizens for 1 year. In short this amendment raises the monthly earnings limit by $100, effective August 1, 1989. Because the annual earnings limit is based on the monthly limit, this change would result in an increase of more than $1,000 in the earnings limit, beginning January 1990.

If we are going to increase the minimum wage—then it would be patently unfair to take away from elderly workers with one hand what we are giving them with the other.

Those elderly workers who are fortunate to have a job after the minimum wage increase should be spared the burden of a tax increase on any portion of their earnings.

America's senior citizens are one of our country's most important moral and economic resources. It would be wrong for us to discourage work efforts. A vote in favor of this amendment will send a direct message to America's senior labor force: "We care about you, and we value the contribution you are making and have made to society."

Mr. SYMMS. Mr. President, I wish to compliment my colleague from Colorado for his very excellent amendment. And I wish, Mr. President, to thank him for assuming the leadership on this issue.

This has been an issue that in my visits to my constituents in Idaho I hear more about from senior citizens than any other issue. In many parts of the State, people believe that some of our skilled workers in agriculture and in other fields really just hone their skills by the age of 65. Their abilities to accomplish their jobs are at their best by the time they reach age 65, and then they are put in a position where if they want to continue working, they have to make a great sacrifice to do so. They are not able to receive benefits that they otherwise would. They are put in a terrible position with respect to this taxation.

I can think of many, many people whom I have talked to in my State. One lady in Coeur D'Alene, ID, recently discussed her problem with me. She is on a widow's pension from Social Security. She also has another small pension. She also works in the home care field for the Idaho State Health and Welfare Department. At every juncture as she tries to work and carry out those excellent services to people who are impaired and cannot get out of their homes because of age and other problems, she reaches up against that $8,880 limit. It costs her an excessive amount of money to be able to continue working. And she is needed in that community to do the job that she does.

I think, Mr. President, it is simply a tax on a person's Social Security pension. Senator ARMSTRONG is correct, it should be repealed. I am very happy to be able to cosponsor this amendment.

Most people, Mr. President, cannot live on their Social Security pension alone. A person who starts receiving a Social Security pension at age 65 but who may not have had enough earnings in early years to save up for their retirement, or who may not have been lucky enough to work for a single employer who provides a generous pension plan, a serious problem. They simply do not have enough money to live on.

The current law punishes those people who have, for whatever reason, had to change jobs, or been unable to save, and need to continue to work. If they have income from rents, from leases, from royalties, from dividends, or from savings, it does not discriminate against them in their Social Security benefits. These people who are working and need it the most find this a very, very discriminatory tax, and it hits them very hard. They are taxed very unfairly, Mr. President. For every $2 they earn over $8,880, for every $2 above this amount, they must pay $1 in taxes. That is a marginal tax rate of 50 percent.

This is an outrageous tax. Those citizens are literally forced into idleness at age 65. Many of them are just at their most productive ability to produce and do good skilled work.

Mr. President, in view of current employment rates and the marked improvement of the economy, we need these people in the work force, and I am sure that most of them would rather remain employed. These experienced workers do not need to be trained for their jobs, because they are already well trained. These highly motivated workers—those who would really prefer to keep on working rather than to retire—are saddled with a powerful disincentive.

Just a very few years ago, this Congress enacted legislation to forbid employers from forcing people to retire at age 65, and yet at the same time the Social Security system is forcing people to retire at 65 by means of this discriminatory tax.

I say again, this is a discriminatory tax. If this amendment is adopted, which I hope it will be adopted and become law, it will raise the monthly earnings limit by $80 a month, resulting in an increase of about $1,000 in annual income a retired person can earn.

That is a lot of money to some of the people that I mentioned here, like the lady that I spoke of in Coeur D'Alene, Idaho. $1,000 is a lot of money to her and it is important.

The measure is budget neutral. As the good Senator from Colorado points out, Mr. President, it will not cost taxpayers; it will be funded by an offset provision repealing the "retroactive month of retirement" option, which provides for a bonus to a small minority of retirees.

Mr. President, this is an appropriate offset because we need to improve Social Security benefits in such a way to encourage people to stay in the work force, rather than giving bonuses to a small miniority who retire.

Mr. President, I will not go into detail. My colleagues are aware of how that works. But I think it is an important factor that would make the system more fair and more equitable and reward work. It would encourage people to work and produce and keep some of those most productive workers who are trained, motivated, skilled, in many occupations, in the work force.

The "retroactive month of retirement" formula is a provision of the Social Security law that permits a new retiree to get a small lump sum equal to 6 months' of pension money up front, in exchange for a reduced pension every month therafter.

By contrast, more than three times as many Americans are hurt by the earnings test—and they are hurt year after year after year. I strongly support Senator ARMSTRONG's careful choice of this offset. It is not in any way a "reduction in Social Security benefits." It is an enlargement and enhancement of benefits for all future retirees who understand the importance of continuing to work and contribute to America's economic growth.

Mr. President, this is a fairness question. These citizens are being treated unfairly. With the present earnings limit, seniors who have worked for years and should be in a low tax bracket are paying tax rates of 50 percent on their wages from a reduction in their social security; plus, they are paying up to 33 percent in Federal income tax, and 7.5 percent in new payroll taxes; plus they are having to pay some surcharge on their income tax for the catastrophic health coverage, and then on top of all those other income taxes they have State and local income taxes in some areas.

Mr. President, I do not think there is anyone in this Chamber who can afford to keep on working if they have to keep on paying 90 percent, or more than 100 percent of their earnings, in taxes, and it is a gross example of discrimination when the rest of the lower income work force are paying rates of 15 percent or less. So it seems to me this amendment passes the fairness test. It is equitable. It will increase productivity in the country. I can just go on and on and on about the good things that I have seen personally of people working and contributing for our society.

Mr. President, my good colleague from Colorado mentioned the senior citizen who was working in the fast food restaurant. What a marvelous opportunity it is for the young, high school age students who work in the fast food restaurants, to have personal interplay and work with people who have lived out most of their lives, who have raised their families, who have had responsible jobs, who have had many responsibilities over their lifetimes and are back in the work force helping with the operation of a fast food restaurant or any other business. It gives them a contact with an older generation that is irreplaceable. They do not have it in school, in classes, other than the contact with their

teacher. But if they have it in their workplace, it gives them a relationship with an older generation that I think is very, very important to help the young people of today have a better appreciation for those who have worked most of their lives.

So it seems to me just another burden on the working people who have to carry the load. The retirement earnings test intensifies this situation. Those seniors who receive income from savings or from private pensions are not affected by the earnings test. But those who have to work hard and earn a living are being penalized.

It seems to me, Mr. President, that we have a contradictory situation to what we all believe and what America stands for. We want to reward the work ethic, to reward people who work hard. We teach the young in this country: Work hard, save your money, and you will be a success. In this case people work hard and what do they get for it? They get excessive taxation.

If any seniors are currently working at part-time jobs, which might be paying a minimum wage rate, an increase in the minimum wage will have a devastating effect on the earnings of these workers. They will not get an increase like the younger workers because the Social Security System will take it away through the retirement earnings test. These people will just be earning more for the Government to take away from them.

Mr. President, our senior citizens deserve better than this. They deserve this amendment. After all their working lives to earn a Social Security pension, are we going to say to them we are going to continue to discriminate in the Social Security System against workers? Are we going to reward their hard work by taking away their livelihood? This should be their time, Mr. President, to be able to enjoy what they can of life.

They worked hard. In many cases, they have gone through two world wars. They have seen the Vietnam conflict, the Korean war. They have seen the Great Depression of the thirties; they have gone through thick and thin in this country, and they have earned it, in my opinion. We ought to let them keep it.

Make no mistake about it, Mr. President. This vote is going to be watched from coast to coast by the senior citizens in this country. I think that people need to recognize that a vote against this amendment is a vote against almost a million people who fall in this category who now have their benefits reduced by this discriminatory tax. And these are the working people of age 65 to 70.

Mr. President, I think it is also worth notice that this proposal is supported by the American Association of Retired Persons, by the National Committee To Preserve Social Security and Medicare. Frankly, I would hope all Senators would vote for it. I would hope we would have a unanimous vote for it because it would be an example of a situation where the United States Senate could go on record, Mr. President, for fairness with respect to the Social Security System.

I thank the good Senator from Colorado for the amendment, and I thank him for giving me the privilege to sponsor it and work with him to see what I hope will be the passage of this amendment.

Mr. President, I want to discuss the main course of the bill while I have the floor.

As the debate over the minimum wage increase drags on, I continue to hear the proponents of this legislation making false claims about what this legislation will really do for America. The senior Senator from Massachusetts continues to implore the Senate to pass this bill based simply on the fact that it has been 8 years since the minimum wage has increased. Moreover, he further claims that the lowest paid workers in America have not received economic justice during the past 8 years. Quite frankly, claims such as this only point to a strong misunderstanding of a fundamental cornerstone of our American economy—the free market system.

Our forefathers set forth the basic principles for a nation to be guided and governed, economically speaking, by the choices and wisdom of each individual through his or her participation in an open economy where prices were to be set by supply and demand. I have come to this floor and quoted statistics, studies, and trends, as have many other colleagues, and I continue to maintain that a minimum wage and all the arguments that accompany such a proposal are blatantly flawed at a fundamental level. Even from across the aisle we have heard testimony that an increase in the minimum wage will bring about a decrease in jobs, no improvement in the position of those who are poorest, and increased costs for certain products and services. What all this means is quite simple: Minimum wages, like other governmental intervention into the marketplace, disrupt America's economic well-being and end up harming those that are most in need of assistance.

Mr. President, much of the debate until now has centered around our Nation's lowest paid workers. As I previously stated, there is no question that a minimum wage will directly affect these individuals, negatively that is, but I would also suggest that many other facets of our economy will be weakened and economically tortured by this anticapitalist move. Consider the impact such legislation would have upon America's small businesses. Most individuals, at some time in their lives, work for small businesses for minimum wages where they obtain their first job experience, advancing to higher paying jobs as their skills improve. If minimum wages were to be increased, the hiring capabilities of small businesses would either be curtailed or the costs shoved off on the consumer. Yes, Mr. President, there is no question that the proposal coming from the Labor Committee would burden the economic backbone of America; quite simply put by Jack Clark, a small business owner in Pullman, WA, "The Government should quit trying to kill the small business goose that is laying the golden egg by regulating it into an endangered species."

The budget deficit is yet another area that would be marred by any increase in the minimum wage. While one can cite various figures, Beryl Sprinkel, former chairman of the President's Council of Economic Advisors, says, "The direct impact on the budget deficit would be about $2 billion." It seems to me that the American people have sent their message to Capitol Hill, and that message unequivocally calls on Congress to reduce the Federal deficit and not increase taxes. In February, Congress voted against congressional pay increases and in so doing spared further deficit increase. I say this is yet a similar situation.

Democrats have passionately tried to mislead America into believing that a minimum wage would have a minimum effect on unemployment and the economy. If a $2 billion increase in the Federal deficit, a loss of between 80,000 to 2.7 million jobs, and an increase of $13 billion more in higher costs for products that minimum wage workers help to produce falls below the criteria set for minimum effect, I suppose they are right. However, I think we all know better. This legislation is another job-thwarting, unproductive, inhumane Band-Aid on a cut that really requires stitches. America is not in need of proposals such as this; rather, we need maximum work and production which will only come about through a healthy economy that is not overshadowed by a fierce gale of hot air and regulations out of Washington.

Mr. President, the entire debate surrounding minimum wage sidesteps the fundamental American free market system. As we once again embark on an undoubtedly lengthy discussion of this topic, I can't help but comment that the Father of History was absolutely correct in his observation, "The more things change, the more they stay the same." The majority on the Labor and Human Resources Committee continues to send this legislative nightmare that would once again overextend the arm of the Federal Government into areas that it does not belong

to the Senate floor for debate. It's downright pathetic that some are unable to accept the fact that economic success of the past 8 years is reason itself there has been no increase in the minimum wage. Mr. President, I would just say in closing that I hope my colleagues will once again vote in favor of an economically strong America and vote no for S. 4.

I have listened to the debate. It has been gone over many times in this Chamber. The rhetorical question that is always asked: If raising the minimum wage to $4.55 an hour—or to whatever—is such a good deal, why not raise it to $8 an hour, why not raise it to $10 an hour? That is a question that I never have fully had answered to my satisfaction.

Mr. President, I would like to have printed in the RECORD an editorial from the March 21 Idaho Press Tribune. It looks, from the reading of it, like it was written by the editor of the newspaper, Rick Kaufman, and the title of it is "Minimum Wage."

It starts out:

It seems about as sure as death and taxes the minimum wage is going to climb from $3.35 per hour to something higher. Congress wants to raise it.

He goes on and explains what is at stake here, but I think the important part is the last point that Editor Kaufman makes.

Raising the minimum wage will hurt the person it is supposed to help—the laborer with minimal or marginal skills. He might be affordable at $3.35 an hour but he is out of the market at $4.65 an hour.

Mr. President, that is the problem here. Study after study shows that those people who are underskilled, who are undereducated, and in some cases undermotivated are the ones who get hurt the most by the good intentions of those in the Congress. And I do believe that some of our colleagues have good intentions in trying to pass this. But the problem is, it makes false claims about what it will really do for America.

Because we have not had a minimum wage bill pass this Congress in the past 8 years, passing one now is not going to do anything to benefit those people that the authors of this legislation say on the floor they want to help.

There is no question about it in my mind. In my opinion, there is a strong misunderstanding of the fundamental cornerstone of the American economy—that is, the market system. I think we should think about what we are doing here. In my view this minimum wage legislation should not have even been brought to the floor. But because of the amendment offered by my colleague from Colorado, at least some good comes here today because we are addressing a point with his amendment that needs to be discussed. It needs to be passed here on this floor and passed again and again and again until this discrimination against those working senior citizens is rectified.

Mr. President, I ask unanimous consent that the editorial from the Idaho Press-Tribune be printed in the RECORD, and I yield the floor.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Idaho Press-Tribune, Mar. 21, 1989]

MINIMUM WAGE

It seems about as sure as death and taxes: The minimum wage is going to climb from $3.35 per hour to something higher. Congress wants to raise it to $4.65 by 1992; the Bush administration favors $4.25 an hour by 1992 coupled with a two-tier arrangement whereby some workers could be paid at a lower wage during probationary and training periods.

So, apparently, it isn't a question of if but how much and by when. It's an issue like mom, baseball and apply pie: Hard to oppose. The minimum wage has been at $3.35 per hour since 1981 and during that period purchasing power has dropped 30 percent.

But it isn't that simple. The negative ramifications of increasing the minimum cannot be ignored.

About the most conservative job loss figure comes from the Congressional Budget Office. It estimates that 500,000 jobs will be lost if the minimum wage goes to $4.65.

More than 123 million are employed in the United States. Of these 2.6 million receive the minimum wage; 1.4 million are ages 16–19 and nearly 900,000 are 20–24. Most are employed part time, few are supporting a family, most don't even have a high school education.

The image, in other words, of some poor guy out there grinding it out at $3.35 to support a family is simply not accurate though, of course, there are obviously a few who fit into that category.

In Idaho it is estimated that a $4.65 per hour minimum wage will result in the loss of more than 3,000 jobs. That may not seem like a lot—but it surely is to one of those losing a job.

Most labor contracts contain differentials. That is, there is a percentage space maintained between what the bottom worker is making and those falling into the higher wage categories. So if the minimum wage goes up from $3.35 per hour to either $4.25 or $4.65 most other salaries will increase correspondingly with the inevitable result—higher prices for goods and services.

It might sound crass but about the worst thing that could happen to employees on the lower end of the scale is a hike in the minimum wage. Many will find themselves out a job, the cost of everything will go up and, count on this, if these suddenly higher-paid employees don't become much more productive at the same time their wage is increased (a very unlikely possibility) you can bet some of them will either be out of work and/or replaced by something automated.

Raising the minimum wage will hurt the person it is supposed to help—the laborer with minimal or marginal skills. He might be affordable at $3.35 per hour; he is out of the market at $4.65 per hour.

The PRESIDING OFFICER. Does any Senator desire recognition?

The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I would withhold if someone on the other side wanted to speak. If not, I will go ahead and speak briefly.

Mr. BENTSEN. If the Senator would yield.

Mr. GRAMM. I yield to the Senior Senator from Texas.

The PRESIDING OFFICER. The Senior Senator from Texas is recognized.

Mr. BENTSEN. I well understand the concerns of the distinguished Senator from Colorado when it comes to the earnings test. I have long supported measures to try to cut back on the earnings limitation to encourage people to continue working because there are a lot of people who want to be productively employed. We have done that, and we have seen legislation along that line pass out of the Finance Committee before.

But I think that is a very salient point. It passed out of the Finance Committee; we took the time to study it and we supported it. What you have coupled it with here—this is what is of concern to me—is a cut in Social Security benefits to others.

I have been advised that the estimate is that the cut will affect some 100,000 people each year: people who are eligible for Social Security benefits but for one reason or another are not sufficiently informed as to the appropriate time to make that application. Then, after the appropriate time has passed, they file for benefits, and are still able to get those benefits under present law but they would lose them under this amendment.

I think it is particularly important that those kinds of effects on Social Security beneficiaries be studied by the committee.

Once again, I share the Senator's objective; I voted for his objective time and time again, but I also have to look at the question of whether or not this amendment is budget neutral. He makes the point that he pays for it early on, but as you look through the life of the amendment, my numbers show that you would add some $400 million to the deficit over the next 5 years. Knowing the Senator's strong feelings about budget responsibility, I am sure that must give him some concern.

Benefit changes and cuts ought not to be made without very careful study when we are talking about one of the most important elements of economic security for America's elderly. I am concerned that if we accept an amendment here like this, what will be the next one that avoids the jurisdiction of the committee?

The benefits that are taken away are not windfalls. These are benefits to which those individuals were fully entitled except for the fact they might have come into the office a few

months late and have not chosen the most advantageous filing date. That retroactivity is a small protection built into the Social Security system against the losses that people can incur because they do not fully understand the program. Many of these people are now going to take a permanent loss in benefits.

There is not a vast discrepancy between the numbers that are going to be benefited and the numbers that are going to be hurt. Those that are going to be hurt are about 100,000 a year each year. The amendment helps about 640,000 on a continuing basis. Even allowing for some turnover in that 640,000 from year to year, the numbers hurt and helped over the next 5 years are going to be relatively close.

This amendment does not address the so-called marginal rate issue. Some recent studies have argued that the Social Security retirement test contributes to an undesirably high marginal reduction rate on earnings for the elderly, and that information deserves very careful attention. Under the present law, as the Senator from Colorado well knows, very substantial changes in the retirement test will occur next year when the reduction rate under the Social Security retirement test will be lowered from 50 percent to 33 percent. That is a major change which will very significantly address the marginal rate issue.

In addition, present law is gradually increasing the bonus in the permanent benefit rate which is paid to those who lose benefits under the retirement test.

This amendment has no relationship, of course, to the minimum wage because as the minimum wage goes up, the retirement test also goes up, and so any spillover impact of the minimum wage on higher earnings levels will automatically be reflected in an increased exempt amount.

So these are the concerns that I have, although I share your objective. I want to see us move in the direction of a less stringent earnings test, but my concern is the cut in benefits to some retirees.

So it is the jurisdiction of the Finance Committee that concerns me and the realization, I am sure, that if we decide to go ahead and accept this amendment, it is going to be dropped in conference. I am convinced of that. I am convinced that you will see the Ways and Means Committee ask to be included in the conference and that you will not have accomplished what you are seeking, as much as I share your concern and would like to try to achieve your objective.

So I ask the Senator, if he would, to respond to the concerns I have raised.

Mr. ARMSTRONG. Mr. President, I will be happy to respond. Perhaps if the senior Senator from Texas would like, I can respond after others who have indicated they want to speak.

If I could just take a moment, the Senator has outlined five issues that represent a cut in benefits to some; that it is not budget neutral; that it has not had sufficient study; that it is not closely related to the underlying legislation on the minimum wage and that, in some sense, it might be a futile gesture.

After others have had an opportunity to speak, I will be happy to address each of these points, and I believe I will be able to satisfy his concerns.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Indiana.

Mr. COATS. Mr. President, I want to also compliment the Senator from Colorado for raising this important issue before us. It is something we have been talking about for a long time, and I think this is an opportunity for us to demonstrate our commitment.

So often, not only in this body but across the country, we use rhetoric to describe our senior citizens that is far different from the reality that our seniors find themselves in. We often talk of their wisdom and how important that wisdom is to pass on to other generations, but we lock them out of our busy lifestyles sometimes as obtrusive burdens. We express concerns for their provision and then condemn many to lonely isolation and often inadequate institutional care. We praise their experience, and then we hasten their exit from the workplace with impatient finality. I think this amendment that the Senator from Colorado has offered can help us bridge that gap in a small way.

The current law which mandates that every senior citizen under 70 loses $1 of their Social Security benefits for every $2 they earn elsewhere above the limit of $8,880 set by Congress is a very stiff built-in penalty for senior citizens who are able and want to work. It places a tax of sorts on those who can least afford it and sends a very simple message: Your time is over; your contribution is ended; you have a limited amount that you can contribute to this society.

I remember 20 years ago when my father retired. He was a pharmacist, but had worked for 35 years as a salesman for a drug company. When he retired, he wanted to go back to the pharmacy, and he wanted to take up, once again, that practice that he had been trained for. And so he did that. There was a shortage of registered pharmacists at that time in our town, so he was a welcome addition to the very limited pharmacy staff in the city that I grew up in and received several job offers.

I remember coming to visit in May of that year. He started in January working on a part-time basis. He said, "Well, this is my last week at the pharmacy." I said "What do you mean your last week at the pharmacy? I thought you enjoyed the work." He was working out so well with the 25 hours or so a week he was putting in on a semiretired basis.

He said, "I am now at the point where I hit the earnings limitation, and so for every $2 I earn at the pharmacy, I have to give $1 back of my Social Security benefits, and I didn't work all these years to save my Social Security benefits to hand them back. I feel good. I am productive. I want to work, but the law is such that I am not going to work, and I informed the owner of the pharmacy that I will see him next January."

In a time when we send signals to our younger generation and say, "Look, don't count on Social Security for all of your retirement earnings; that is a supplement, that is what it was intended for, you can't get yourself in a situation that when you retire at the age of 65 you can just count on the Government sending a Social Security check and that is going to cover all your expenses." I tell my youngsters that. We tell people in town meetings that: Social Security is intended as a supplement. The Government is not going to be able to meet all of the needs that you might have. We are going to do the best we can.

We send them that message, and then when they retire, we automatically put them in a category and send another message: Do not supplement your income over a certain level or we will take away your Social Security benefits.

It just makes no sense. Those two provisions are directly contradictory to each other.

The amendment that the Senator from Colorado raises I think is important. It is a small step. It is just $100 a month adding up to $1,200 by January of 1990, which is a step in the right direction.

I think one of the more important features of the amendment is the fact that it calls for an end to the retirement earnings test altogether by the year 2000, finally eliminating this penalty once and for all. I think that is the goal we ought to be working toward.

Let me state three basic contradictions in the current law. First, it unfairly discriminates against the elderly. We have pressed down on the shoulders of senior citizens a marginal tax that I think in most instances is confiscatory. The Senator from Colorado explained that.

Let me give one other example. A 65-year-old woman who needs to supplement her Social Security by working as a secretary or say a bank teller, if she goes over the earnings limit, the

Federal Government hits her with tax after tax—the 50-percent earnings tax, a 15-percent income tax, 7.5-percent FICA tax, a 7½-percent tax on Social Security benefits, and a 3.37-percent catastrophic insurance tax. That adds up to a 83-percent marginal tax rate on this particular individual.

A younger worker with the same income would only be taxed at 2 percent. That is a 15-percent income tax plus the 7.5-percent FICA. That is a 61-percent gap. The margin is maybe an indifference between the working and seniors.

Second the current earnings limit is very bad labor policy. A 50-percent Social Security cut for senior citizens who work drives most of them out of the labor force, and who can blame them? But we are enforcing this disincentive at the very time that experts are coming before us and saying we are going to have a labor shortage in this country. We are not going to have enough experience to qualify workers.

Businessmen across Indiana are saying that we literally are at full employment. Those who want to work can find a job, and many that are looking for jobs have little or no experience. This situation is simply going to get worse as we move into the decade of the nineties. As a result we are going to want to turn to our seniors for the experience that they bring, and allow them to be part of the labor force.

So this works against what I think the demographers are telling us, and the labor experts are telling us about where we are going in the nineties. Finally, the present law discriminates against those elderly with earned income in favor of those elderly with unearned income. The earnings limit does not consider money from pensions, stock dividends, or bond interest. So it is really only those who need to work, those without the stocks and bonds who end up losing their Social Security benefits. It is a burden we place not only on the elderly but on the elderly that can least afford it.

I cannot help but note that we are conducting this debate just as many senior citizens are about to be hit with a massive new tax for catastrophic insurance. I am convinced that this legislation is one small way that we can help offset that new tax burden that is going to be placed on their shoulders. It is only a start, a small start, but I think an important start.

With the amendment of the senior Senator from Colorado, we are sending a clear message to seniors. We are saying this: we do not under estimate your financial troubles. We value your work and your contribution. You are not just wanted, you are needed. You should not just be tolerated. You are welcomed. You are not just welcomed, but rewarded, and we thank you seniors for what you have to bring to us. And we want to not provide a disincentive for that.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New York [Mr. MOYNIHAN].

Mr. MOYNIHAN. Mr. President, I rise in knowing opposition as you might say to the measure, the amendment offered by my distinguished friend, the Senator from Colorado, with whom I have been associated in many important Social Security measures on this floor. If I appear somewhat muted in my opposition, it is as much from disappointment as it is from any concern as to what the likely short-term outcome of this exercise is.

My disappointment, Mr. President, is plain in its origin. In 1982, when the Social Security trust funds were in a situation of clear difficulty, and the Social Security System was in doubt across the Nation, a clear majority of nonretired adults did not think they would get any or all of their Social Security benefits. Indeed, owing to a set of events in the 1970's which had no precedents in our half century, almost half a century of experience of the funds, when inflation ran ahead of wages, the funds were declining and indeed faced the prospect of retirement and disability benefits going into deficit in mid-1983.

After a protracted debate on this floor with the extraordinary leadership of the then majority leader, Howard Baker from Tennessee, a Commission was established with Members from the Senate, the House, a number appointed by the executive, and chaired by Alan Greenspan, now the distinguished Chairman of the Federal Reserve Board.

In a long debate, discussion, analysis, it took a year's time. We nonetheless ended up deadlocked. It was the initiative of the now Republican leader, Senator DOLE of Kansas, in conversation he and I had on the floor just right over there, an odd, 10-minute talk, if that, on January 3, 1983 that led to a set of intense negotiations. And in the course of 12 days, an agreement was reached with the House, the Senate and the White House that produced the Social Security amendments of 1983, and transformed the financing of the system.

We put in place the largest revenue stream in the history of public finance. We took a benefit system that was adequate but inadequately funded, and we moved very quickly to a surplus. The surplus now is very considerable. The Social Security trust funds for retirement and disability are rising $1 billion a week. We have now in place a 30-year flow of funds which if saved will ensure that persons now working, when the demography of our country changes around the year 2020 when there is one retired person for every two workers, that we have an economy that can nonetheless throw off the income to maintain that ratio and the benefits we now have in mind.

We did good, Mr. President. We built better than we knew perhaps. Now the question is with that quite extraordinary agreement reached in 1983, will we begin to jeopardize it? Will we fall victim of the easiest of temptations which is to spend income now which needs to be saved for income later? I regret to say that this is the first occasion on which we appear to be bent on raiding the trust funds for current use, and using money today which was meant to be put aside for a generation from now.

That is what we do today. And we do it in circumstances that trouble me. Not a few moments ago we heard a distinguished Senator for the most understandable of reasons say that we have before us an amendment that would raise the cutoff point for earnings that are not subject to any subsequent reduction by $100 a month. Well, close. It is not $100. It is $80. But how is anybody to know for certain? This is not a bill that has ever been before the Finance Committee or the Subcommittee on Social Security and Family Policy. We have no hearings. We have only the sketchiest information, Mr. President. We do not know what the administration's position is on this matter.

We should know. We have trustees of the Social Security trust funds. We have an administrator of the Social Security Administration. They have never formally been asked, and they have no position for us, because they do not know what was involved, nor could they.

If I may speak, Mr. President, as the chairman of the subcommittee, these are not impenetrable questions, but they are matters of great detail, of exacting calculation and projection and estimate, and it takes time. That is what the hearing process is about. That is what preceded the year-long epic of the National Commission on Social Security Reform, which if it could not reach consensus, nonetheless laid out the data base on which agreement was reached in those dramatic days of January 1983.

May I say, Mr. President, we should remember, we are attaching this cut in benefits and rise in benefits to a fully nongermane measure. We have before us a measure that comes from the Committee on Labor and Human Resources, and it concerns the minimum wage.

The Fair Labor Standards Act of 1938, if I recall, had nothing whatever to do with the Social Security Act of 1935. Mr. President, I have a chart, if I may, which will show the point I wish to make here.

Under the proposals that we have before us, which we will pass out in this body before too long, the minimum wage rises until 1992 to $4.55 an hour. At no point in this sequence, 1989, 1990, 1991, 1992, does the retirement test exempt amount in any way fall below the proposed minimum wage or even close to the proposed minimum wage. It is estimated to always stay ahead of the proposed minimum wage, $8,880 this year; $9,360 next year; $9,840; and, finally, $10,320.

The minimum wage is set by law. The retirement test is changed annually to reflect the change in average wages. These tend to be going up at about 5 percent a year. This is our projection. We only know what would happen next year, but this is about right. It is always ahead of the minimum wage, and indeed it is worth nothing that in 1992 the first $10,000 of earnings are exempt from any loss whatever.

There are other provisions in our 1983 law, which affect this, as well. I will get to one of them. What is the logic of asking persons to give up some of their benefits in consequence of earned income over the exempt amounts? The logic is nothing more than the assertion in the original Social Security legislation, which continues unbroken to this day, the principle that Social Security replaces lost income. It says, when you reach the retirement age and you cease to have earnings, we will replace a fixed proportion of those earnings so that you can continue a standard of living that you have been used to.

May I say that Social Security predates most retirement benefits from private retirement or public retirement plans. They were very rare in 1935, very common today, but even so, for the individual we try to replace 42 percent of average earnings of the lifetime, for a couple in their sixties, and it varies somewhat, but it is not inconsiderable, if you consider that work always involves some expenses. It is a very solid pension system.

Now, Mr. President, it is perhaps not always wise to make this point, but it is necessary on this occasion. The Social Security retirement benefit is in very large measure a grant, a transfer. It is of course earnings-related. But it is not, strictly speaking, a benefit that has been acquired by previous savings. The actuaries dispute this matter in perfectly legitimate discussions of how do you calculate the value of disability insurance during a lifetime in which a person has never, fortunately, been disabled, but he has been covered. I think the generality of actuaries would say that about three-quarters of the average retirement benefit of the average retiree is a grant from one generation to the other.

Money is paid into the fund by people now working and received by persons who, if they only got the income on their pension contributions, would be getting about one-quarter of what they now receive. But they get 4 times that, because we deemed that to be an appropriate retirement benefit.

The day will have to come in a half-century or so when the benefits reflect actual contributions. It cannot go on indefinitely, but at the moment, retirement benefits are very much higher than they would be, if they simply reflected previous contributions of employer and employee. So, simultaneously, we say that if that pension does not simply replace income because there is another income stream from earnings, well, the benefit will not be as high as otherwise would be the case, because it is not required.

Now, we do want to encourage persons to work, more now, as our demography shifts and the number of workers coming along is not what we would have expected. There is a falling off, as we know.

Also, there has been something, Mr. President a little surprising, that most persons retire before age 65. We set the normal retirement age at 65, but workers can get a reduced benefit at age 62. The majority of persons now entering the Social Security Retirement System enter before age 65. I do not vouch for it, but I have seen a respectable estimate that the average retirement age is now at 61½ years. Whether there is a male-female distinction or not, I do not know, but we are not staying longer in the work force; we are getting out earlier, possibly because the combination of Social Security and private or other forms of pension makes it possible to do and so more is the reason we might look to persons who want to continue working and not discourage them.

That is why in 1983 on this floor we did in fact vote to eliminate the retirement test, a test which simply says that after a certain amount of earned income, you begin to lose some of your Social Security benefits.

Mr. President, that went to conference. I was a conferee, as well as our distinguished chairman.

The House did not feel that was appropriate because of the considerations I have just touched upon. And we compromised as the whole exercise in 1983 was a compromise, and we said, all right, starting in 1990—this goes back some time, Mr. President, this was 1983 we were trying to move this system slowly into stable condition—we said that beginning in 1990 we will change the present test of $2 of earnings resulting after a certain point in $1 of benefits lost. We would say $3 in earnings above a certain level produce a benefit loss of $1.

So, Mr. President, next year on the very same date, January 1, that the major part of this amendment would take effect the law already in place will also take effect, and if you look at the person who continues to earn the average wage, that average worker will get an increase in benefits retained of $2,037. That is already in place, Mr. President. That will happen January 1—$2,037 extra retained benefits by your average earner working between 65 and 70. I repeat: After 70, there is no limitation of any kind.

The proposal we have before us would add $320 to the $2,037. I do not want to dismiss $320. But it is not in any sense the larger of the two sums.

The $2,037 is in place and will happen regardless. This would add $320 and, Mr. President, create a hugely unfortunate precedent in my view at least.

The precedent is as follows, Mr. President: First, we are eliminating retroactive benefits, as the distinguished chairman of our committee said, for 100,000 families and individuals. For a large number of these people, this would be a permanent benefit cut.

Who are these individuals? What is the circumstance of their families? Is there anybody on this floor who can tell me?

I say to you as chairman of the subcommittee, I do not know. I know their categories. But who are they actually? What is their average age? What is their average benefit from Social Security? What other benefits, if any, do they have?

I do not like to think that the Senate has reached the point where we will stand here and cut benefits for a group of individuals and families without knowing who those individuals and families are and what this cut will cost them.

Mr. President, just as gravely, we enter on a hugely dangerous practice which we thought we had recovered from, and that is the practice of offering benefit increases in Social Security on the floor without hearings, without examination, bidding one another up and ending, if you do not look out, with a crisis in the system, a hidden crisis because we will be using up money today, consuming today moneys we had intended to save for tomorrow.

I would say, sir, that this will be popular today, but sometimes the Senate has to be the institution we heard described on this floor Friday morning on the 200th anniversary of our achieving a quorum at Federal Hall in New York City, and we heard the extraordinary orations of former majority leader Howard Baker, of Tennessee, Thomas Eagleton, of Missouri, in the old Senate Chamber, then our own Senator DOLE, Senator MITCHELL, Senator STEVENS, and others speaking here in this Chamber.

I remember that wonderful line of Senator Baker when he said, meaning no denigration, when he referred to the intent of the framers, that if popular opinion and popularity is to prevail in the other body, as it was intended to do, when propositions, measures that are merely popular may pass in that body—I do not say that is the case, but that was the formula—he said in the Senate such measures are subject to proof—subject to proof.

It would be an interesting reversal, as the distinguished chairman, the senior Senator from Texas, has said, that if the Senate should be the institution responding to mail and the House said we will insist upon principle and prudence with respect to retirement, pension benefits, trusts.—And these are trusts.—We do not spend this money simply because it seems like a good idea. You think about it, and you establish the consensus. What does the President of the United States think about this measure? What do the Social Security Trustees think—the Secretary of Treasury, the Secretary of Labor, the Secretary of Health and Human Services, and we have two public trustees—what do they think? We do not know.

We can go ahead.

I think Senator BENTSEN was entirely correct when he said this measure will not prevail. The House is not going to let us do this, and I do not know why we should behave in a way with the greatest respect we have in this body for the other body, that we should depend on them to see that we abide by the standards of prudence and if I may say even propriety with respect to the use of trust funds and the decision to deprive persons who do not know at this moment we are doing it, persons now entitled under law to benefits under the social insurance system of our country. We are taking away retroactive benefits from 100,000 individuals and families. We are stripping them without their knowledge or I dare to say without their knowledge—we do not even know who they are. We just know they are a number and that taking away their benefits will enable us to get through the next 3 years of increasing benefits for another group.

Over 5 years in this measure costs $404 million; over 75 years, sir, which is how we estimate costs in Social Security—we make 75-year projections—I have no idea how many billions. I do not know. Nobody knows, sir, certainly not the sponsors.

And I ask the Senate, do we really want to proceed at this moment in this way, because this subject will be brought up in our committee, our subcommittee. We can hold hearings. We can get our facts, get our figures, and make our judgment, in a way that seems to me to be appropriate to the Senate and proper to the social insurance system of our country, the Social Security System.

Mr. President, I see other distinguished colleagues who wish to speak, and if I may, I would like to return to this subject, but for the moment I am particularly conscious of the junior Senator from Texas who has very cordially allowed me to get into line before him, although he was on his feet first.

(Mr. LIEBERMAN assumed the chair.)

Mr. GRAMM. Mr. President, we have worked these issues over. I would like to outline a few points. I am always a little bit leery about saying I will be brief, because every time somebody else gets up and says they will be brief, I sit back knowing I am going to hear a long speech.

Let me try to tick off my points. First of all, I do not disagree with the distinguished Senator from Texas. I think it is clear that if this provision is adopted, as I expect it to be, it will be stripped of the minimum wage bill in the House and will not be part of that bill.

Second, we all know that this bill, as currently constituted with the minimum wage above the level the President said he would sign, with the training wage in effect for a smaller period of time, that this bill is going to be vetoed and is not going to become law. So I am not voting for this amendment believing that this amendment is going to become law in this form on this bill.

Now, there are many reasons that people can be for or against the amendment. I think those who said that we are simply making a point here are right. Let me tell you what my point is and why I am for it.

First of all, for a quarter of a century my party has said that we ought to repeal the earning limit under Social Security. We have had it in the platform for a quarter of a century. We ought to either do it, bring it up to be voted on over and over and over again until finally a decision is made, or we ought to take it out of the platform.

Now, let me tell you why I am against this earnings test. First of all, the earnings test treats Social Security like welfare. It says if you go out and work and earn income, you lose Social Security. My view is either you have earned Social Security or you have not earned it, but you ought not to lose it because of a willingness to go out and work.

No. 2, I do not like to use the term unearned income, but I oppose the earnings limit because it treats unearned income differently than earned income.

Now I do not like the term "unearned income" because only the Government has unearned income. Anybody that saves money or invests money or builds something or rents something, they earned that income and I do not like the term. But I do not see any logic in letting a person who earns a half million dollars a year in interest and dividends to be exempt from the earnings test and then apply the earnings test to a school teacher who wants to work a couple of extra years to earn extra money at $22,000 or $25,000 a year. That makes absolutely no sense. We can debate about committee jurisdiction and how we are going to structure it, but that is wrong and it ought to be changed.

Also, I oppose the earnings test because it is the last vestige of mandatory retirement in America. What a great paradox it is, at the time that we have gone through and systematically stricken all of the provisions in private contracts that mandate retirement, that we preserve in the laws of the Nation provisions that in reality force people to retire.

Mr. President, finally, before I yield the floor, let me raise a point that has been touched on here because I think it is important, and I think it is something in the system that is broken and I think it has got to be fixed.

Mr. President, I do not think anybody set out with the idea of collectivizing American society for senior citizens. I do not think they did it because I do not think anybody was clever enough to come up with a program to institute it. But while I do not think it happened intentionally, the plain truth is that it has happened in America.

We have in effect today confiscatory tax rates for senior citizens. We have in effect today a system where senior citizens have marginal tax rates three times the marginal tax rates borne by people that would earn comparable levels of income.

Now, that does not make any sense. Let me explain why it does not make any sense.

As we have imposed higher and higher marginal tax rates, as we have imposed heavier and heavier costs on the people who work hard for and provide for their retirement, often at great sacrifice during their working years, as we impose higher and higher costs on them, what we are doing is discouraging people from accumulating and for being in a position of having what we used to call secure retirement income.

In the short run, Mr. President, with marginal tax rates of 82 percent and in some cases over 100 percent—in fact in a recent study by the National Center for Policy Analysis, they found in the highest tax areas of the Nation—and of course that is the Federal City, the District of Columbia—that a senior citizen with a moderate income could fall in the 118.4 percent tax bracket. Needless to say, nobody is going to voluntarily earn income when they lose

more in taxes than they earn in income.

Mr. President, in the short run, what we are doing here is we are redistributing massive amounts of wealth. We are taking people who worked hard to prepare for their retirement, who build up a retirement income, and we are coming in and we are taxing them very heavily and we are providing great benefits to people who do not provide for their retirement.

For the people who are already retired or on the verge of retirement, we, in essence, have trapped them and no matter what the unfairness is, there is nothing they can do about it. But what we are doing is we are planting the seeds where Americans who are smart—and you do not have a secure retirement by being dumb; you have one by working hard and being smart. It is only a matter of time, unless we change these laws, until Americans are going to wise up to the fact that in retirement in America, that you are living under a system of socialism where you are going to be at exactly the same level of wealth, that you are going to be well off, to a certain degree, no matter what you do. If you are responsible, we are going to take it away from you. If you are irresponsible, we are going to give it to you.

What is going to happen, Mr. President, is that people are going to stop providing for their own retirement. And when that happens, who is going to pay for all these programs? When people wise up to the fact that they are paying 80 percent to 120 percent tax rates and they stop generating the income—they go ahead and spend it on themselves and their children and they let the Federal Government worry about their retirement—we are going to generate great problems in these programs.

This is a small and modest amendment. This amendment simply is a first step toward doing something about this earnings test.

I do not expect it to become law on this bill. I expect—exactly as my dear colleague from Texas said—the House to strip it off. But I want to vote for it because I want to go on record that this has to be changed, that this is wrong and it ought to be changed, and we ought to begin here by at least saying we want it to be changed.

However people are going to vote on final passage, whatever is going to happen in the House—that is separate from this issue—we ought to make a record here. When it does not become law on this bill, we need to bring it up over and over and over again until the committee, with all of its wisdom, with all of its expertise, decides that something ought to be done on this issue.

And it needs to be done quickly, Mr. President, because if we do not do something quickly, we are going to see a wholesale change in the patterns of living of the American public as they recognize that there is no benefit to be had for preparing for their retirement or for working as they get older. People are going to begin to call on the Federal Government for more and more and more and there is going to be less and less in the way of resources to pay for it and we will have nobody to blame but ourselves.

That is why I am going to vote for this amendment, even though I know it is not going to become law in this bill, and I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah, Senator HATCH.

Mr. HATCH. I did not realize the distinguished Senator from Nebraska wanted to speak. If I could just take a minute or two?

Mr. EXON. Go ahead. I will be happy to yield.

Mr. HATCH. Mr. President, I rise to urge my colleagues to carefully consider the looming disincentive many of our working senior citizens are facing in the form of the Social Security retirement earnings limitation. This limitation, which reduces the Social Security benefits of retirees under age 70, in effect sends a negative message to working recipients of Social Security. The message that it sends is that the Federal Government does not value their continued contribution to the work force. Many in our senior work force not only want to keep working at age 65, but because of their economic situations, these people may need to keep working. Do we want to discourage them?

In 1989, a retired worker under age 70 can earn only $8,800 before the earnings limitation kicks in. For the next dollar earned over this amount, the worker's marginal Federal tax rate may be as high as 83 percent. This is for a low-income retired worker, supposedly in the lowest tax bracket. This means that, should this worker exceed the earnings limitation, he or she keeps only 17 cents of each dollar earned. Subtract from this 17 cents the State tax on those earnings, and you can see the tremendous disincentive these retired workers face. After a lifetime of believing that hard work pays off, it is extremely frustrating to face an economic situation where more work leads to little additional pay.

Many of our workers turning 65 are faced with a difficult dilemma. Either they must continue working full time and give up all or part of their well-earned Social Security benefits, or they must retire and accept a lower standard of living. Either choice can lead to the feeling that one is being cheated.

It is ironic and unfair that those retirees with large amounts of unearned income from interest, dividends, and pensions do not face a reduction of Social Security benefits, no matter how much of this income they enjoy. Those retirees who struggle to get by on their Social Security, and would like to supplement their income by continuing to work, however, are discouraged from doing so. This is poor public policy and goes against American ideals.

Mr. President, our Nation is beginning to face shortages of skilled workers. While the shortage is presently more visible in some regions of the Nation than others, the lack of experienced labor will prove to be one of our biggest challenges as we enter the new century. One solution to this problem lies with our senior citizens. In many ways, this group represents the best America has to offer. They have the skills, they have the experience, they have to work ethic. We cannot afford to discourage members of this group who wish to continue working.

The amendment now before us represents a turn in the right direction, a signal that we believe our work force between the ages of 62 and 70 are a much-needed and integral part of our economy. Many of these individuals have much to contribute. We need their experience, and we need their wisdom. Let us not discourage them from making this contribution by taxing away most of their earnings.

I urge my colleagues to support this amendment.

Mr. D'AMATO. Mr. President, I rise today in support of Senator ARMSTRONG'S amendment to raise the Social Security retirement earnings limit by $1,000. The current limit unfairly penalizes nearly 1 million older Americans who have chosen to continue working past the age of 65. I am pleased that my colleague has recognized this inequity, and has taken action not only to reduce its harmful effect immediately, but to phase it out entirely by the year 2000.

The current earnings limit affects beneficiaries between the ages of 65 and 70—robbing them of $1 in benefits for every $2 earned above a specified limit. In 1989, the limit is $8,880.

The earnings limit discriminates against working senior citizens in two ways. First, it subjects them to marginal tax rates that are grossly higher than those paid by younger workers with similar incomes. These rates can be as high as 83 percent for certain senior citizens, while younger workers with identical incomes face marginal rates of only 22.5 percent.

Second, the earnings limit places working seniors at an unfair disadvantage when compared to other seniors with income from pensions, investments, and stock dividends—all of which is exempt from the current earnings limit. A recent article in the Rochester Democrat and Chronicle succinctly described this inequity: "Those who have huge incomes from

pensions or investments don't lose a dime in Social Security benefits. Those who earn more than [$8,880] a year bagging groceries do." Clearly, fairness dictates that we should act soon to remove this unnecessary burden from the backs of our working seniors.

I am confident that working seniors will not be the only beneficiaries of this amendment. Our society as a whole will surely benefit as greater numbers of seniors are encouraged to reenter the work force. At a time when our Nation faces a shortage of qualified labor, we shouldn't deprive ourselves of the invaluable skills and experience senior citizens have to offer.

I again applaud my colleague from Colorado for taking the lead in this effort to phase out the earnings limit. The elimination of this outdated policy will help restore fairness to the Social Security System while expanding horizons for thousands of senior citizens. I encourage my colleagues to join me in cosponsoring this needed amendment, and I urge its immediate passage.

Thank you, Mr. President.

Mr. CHAFEE. Mr. President, I am joining Senator ARMSTRONG in sponsoring his amendment to raise the Social Security earnings test limit for Social Security recipients who work. I believe it is time for Congress to change the Social Security earnings test once and for all and our amendment is an important step in that direction.

Of the many letters I have received from Rhode Islanders about the earnings test, one stands out in my mind. This gentleman asked a simple question: "Why should recipients of Social Security be penalized by a limitation in earnings?" I ask of my colleagues the same question and add to that—Why should we retain a Federal policy which discourages Social Security beneficiaries from working when we are facing a very real labor shortage?

Under current Social Security law, beneficiaries can receive unlimited unearned income with no impact on their benefits. However, if they have earned income, their benefits are reduced. It seems to me this sends a message to senior citizens that their contributions in the work force are not welcome. This is most unfortunate. We need the time and talents of all who are able to work. Regardless of where a senior citizen works, his or her contribution is important and should be recognized, not discouraged. We have worked hard in the Congress to protect older workers from age discrimination yet the earnings test still penalizes them. We must change our policies to ensure that seniors who work either out of necessity or choice are encouraged to do so.

The Social Security earning limitation was incorporated in the original Social Security Act of 1936 to encourage older workers to retire. The intention was to provide younger unemployed Americans an opportunity to work during the depression. In 1936, the Social Security earnings limitation may have been appropriate—in 1989, it is not.

I support changing the earnings test not only because it makes sense economically, but also because I believe we must ensure that our senior citizens, particularly those who are disadvantaged, are not prohibited from supplementing their income. Many of those penalized by the earnings test work in order to maintain a decent quality of life.

Reforming the earnings test limitation is especially critical during consideration of the minimum wage legislation for lower income elderly. Should the minimum wage be raised, senior citizens who work in low-paying jobs will experience a raise in wages that may put them over the current Social Security limitations threshold. Our amendment will increase the threshold to nearly $10,000 annually, thus taking into account an increase in wages that may be experienced as a result of the minimum wage legislation. Our amendment will help 85,000 senior workers who make between $9,000 and $10,000.

During the coming months, we will be discussing a total repeal of the Social Security earning test. I support providing all Social Security recipients with the encouragement to remain it the work force. Yet, I do want to make it clear that I will not support changes in Social Security law that would jeopardize the solvency of the Social Security trust funds. It is my belief that we will be able to repeal the earnings test without adversely affecting the solvency of the trust funds.

Mr. President, I urge my colleagues to support this amendment, particularly in light of the affect the minimum wage legislation would have on our older workers.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I rise today to join my colleague, the senior Senator from Colorado, in sponsoring this amendment that will increase the monthly earning cap for Social Security beneficiaries.

I have worked with the Senator from Colorado on this measure and one very much like it over the years. I am pleased to stand here today in support of the amendment once again.

I ask at this time, Mr. President, that the name of Senator HARKIN of Iowa be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Last year I cosponsored similar legislation, also introduced by Mr. ARMSTRONG. That legislation, S. 1777, would have phased out, over 5 years, the earnings limit now imposed on individuals between the ages of 65 and 70 who choose to supplement their retirement benefits by earning outside income.

I am pleased to emphasize once again the reason I am here on the floor today is this is something that should have been done a long, long time ago. There is no need for delay. There is no need for the excessive pessimism stated on the floor that even if we pass this here, it is going to fail in the House of Representatives.

I know all too well from my numerous dealings in conferences with the House of Representatives, sometimes they exercise some strong-arm tactics. I think if and when a bill to raise the minimum wage finally passes, and if it is sent to the President, it may well have this amendment on it, if we act favorably here in the U.S. Senate today.

The House of Representatives has a strange way of responding when something properly is sent over to them that they had not acted on previously.

So I do not think all is lost. In fact I think there is a better than 50-50 chance that if we act favorably on this amendment, we can get it approved by the House of Representatives.

Although that is what we originally set out to do this year, we found, due to the ill-fated Gramm-Rudman targets and strict budgetary rules, we could only proceed one step, 1 year, at a time.

This amendment will increase the monthly earnings test by $80 a month, thereby, increasing the yearly earnings cap by approximately $1,000.

That would place the cap at close to $10,000. As you may know, Social Security benefits are reduced $1 for every $2 of earnings above the cap. However, in 1990, current law provides for a decrease in that reduction to $1 for every $3 above the cap. That change will also be helpful to those beneficiaries who would still like to keep working.

During the depression and the early days of Social Security the mood of the country was to move older workers out of the work force to make way for the younger workers moving up through the ranks. Incentives were built into the Social Security system to entice older workers to retire and stay retired. The earnings limitation was one such incentive.

By reducing Social Security benefits in proportion to the amount of outside income earned, the beneficiary was usually better off by retiring completely.

We have all experienced the incredible increases in the cost of living over the last couple of decades. These costs increase at a higher rate for our elderly citizens, especially in the area of health care.

Quite frankly, few senior citizens today can live on the amount of their Social Security benefits alone. If individuals are able and willing to work, why should we tell them they cannot?

This body recently passed a major welfare reform bill. We are trying to get individuals out into the work force where they become self-supporting and productive members of society. Should we have a double standard for elderly workers? I know that many of my colleagues, myself included, are over the magical age of 65.

In our recent debates here in the Senate during consideration of the trade bill, I tried to get into this very matter, to make addresses with regard to it, but thought it wise that we not proceed with it at that time. Yet here we are today. We have not acted in the past and we must act now.

Obviously there are still people in our respective States who feel we are capable, productive, and energetic enough to represent their best interests here in Washington. Why should that benefit be denied any other 65- to 70-year-old?

In our recent debates here in the Senate during consideration of the trade bill—about the future of the United States—we repeatedly stated our need to make the United States competitive in the international market. I suggest that older individuals have a wealth of experience to share that can only increase our collective knowledge and competitiveness.

Mr. President, this earnings cap is unfair. We have no cap on earnings once an individual hits age 70. We have no cap on the amount of unearned income an individual can earn at any age. This cap unfairly hits the middle-class elderly. The middle class has taken too many hits over the past 8 years. Why can we not give them a boost here? Why should individuals be denied benefits they themselves helped pay for? This just does not seem right.

Mr. President, I never attend a public meeting these days but what a "notch baby" does not appeal for relief. I hope we can do that, but I am not sure we will. It would help a little bit for some of the current notch babies if we granted them this fair option. It would also help in the future if we don't address the notch problem, to the new batch of notch babies we will soon be hearing from; those born in the year 1922 and afterward. This positive step would at least indicate that we care.

Mr. President, I congratulate my friend and colleague, Mr. ARMSTRONG, for his hard work and diligence in working out this technical but important piece of legislation, and I urge all my colleagues to support the amendment. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the senior Senator from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. Mr. President, I think we have had a good discussion and debate of the merits of this issue. As has been pointed out, this is a matter that really belongs in the Finance Committee, and the issues which have been debated and discussed, relating to the Social Security Act, have been debated by the chairman of the Finance Committee and the Senator from New York.

I am wondering if, given the statements that have been made by both the minority leader and others, do we have any assurance, if this amendment is accepted, whether that is going to alter the President's position on this bill or whether it is going to alter the position of the minority leader or the Senator from Colorado? It is one thing to discuss the merits of raising the earnings cap, and it is another thing to perpetrate a hoax on senior citizens by demonstrating support for this particular measure knowing, given the number of the Members who have indicated that they would not override a veto, the possibilities of this not becoming law. I think that particular fact ought to be out here on the table so that if those Members who believe, as I do, that there should be adjustment in the earnings cap for Social Security recipients who care about the issue of continued employment for our seniors, also know who is going to be hurt and who is going to pay a price.

Having listened to the arguments that have been made by the Senator from New York and the Senator from Texas, it seems that it may very well be the poorer Social Security recipients who are actually going to be paying the price. We do not really know who will be and who will not be hurt by this amendment. I am just trying to find out exactly what we are doing here on the floor of the U.S. Senate, and I think our Members are entitled to know.

Should this be accepted—I expect the votes are there to accept it—is there any indication that the minority leader or the Senator from Colorado, given their strong commitment to this issue, will support this bill later on? I am wondering whether we can receive any assurances, should the Senate accept this amendment, that we will be able to move ahead and hopefully achieve some kind of agreement with the administration. I think that a response to this question would certainly carry weight with some of the Members.

I would be interested in hearing from the Senator from Colorado, if this is accepted whether he has any intention of supporting this bill as amended?

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado, Senator ARMSTRONG.

Mr. ARMSTRONG. Mr. President, if the Senator from Massachusetts desires to comment, I will be happy to yield.

Mr. KENNEDY. I will be glad to withhold.

Mr. ARMSTRONG. The Senator from Massachusetts, as usual, comes right to the nub of the matter. I guess it is no secret to most of my colleagues that I am skeptical of increasing the minimum wage for reasons that have nothing to do with the amendment. My own conviction is while some people will be helped by increasing the minimum wage, there will be a lot of people thrown out of work. The higher we raise the minimum wage, the more of a burden that will be for people at the margin.

However, it appears to me sort of the golden mane, the balancing point, is at $4.25. That is not a magic number; it is just a number the President said he would sign. I suppose on at least a half-dozen occasions where I have been present, Mr. Bush has made the point that he and his administration have adopted a sort of unnusual bargaining strategy. Usually you throw out a number with the idea that you are going to get bargained up. I have heard Mr. Bush say over and over again that this is not a ploy, this is not a Trojan horse, this is not a negotiating strategy. We put our best shot up front. If it is over $4.25, we are going to veto it.

So my answer to the Senator from Massachusetts is this: Maybe this whole thing is a futile exercise. I do not think so. I expect, whether or not my amendment is added to the bill, that the bill is going to pass the Senate and it is going to go to conference and maybe it is going to go downtown and get vetoed and will have to go through the process again.

I believe what is going to happen and, in fact, what I think should happen is that we will pass and the President will sign a minimum wage at $4.25. That seems to me to be a reasonable compromise of all the interests.

The Senator asks how does the addition of any amendment affect the prospects of the underlying bill. I think in a way that he may not have considered, adding the amendment, which my colleagues and I have presented, actually enhance the prospects for passage.

Mr. KENNEDY. I had considered that.

Mr. ARMSTRONG. You say you had considered it? Well, let me just state my reasons, but perhaps you are already a jump or two ahead of me. It appears to me that even though many of us are pledged, and I am one of

those who has pledged to vote against a minimum wage bill that goes above $4.25 and, in fact, made that pledge in writing. I think there are about three dozen Members of the Senate who have done so, but the very likely prospect is, if we add this amendment, that it will enhance the general attractiveness of the minimum wage bill and, therefore, it would encourage Senators who might otherwise want to make a political statement to strive for a compromise. I would judge that that compromise will be at $4.25.

Nobody can say precisely the course of future legislation, but let me say to the Senator from Massachusetts that my hope and belief is that this amendment will, in fact, have that effect.

One other point, and after the Senator from Massachusetts has completed his remarks, I would like to come back and respond to the issues raised earlier by the Senator from Texas and the Senator from New York, one related point that I probably ought to touch on and that is the notion that somehow the House is not going to take that amendment.

It seems to me that just about every important issue that I have ever really cared about—now this is an exaggerated statement because I am sure somebody can point to an exception—but it seems to me that in recollection, just about every big issue that I have ever seen around here that got enacted into law as a result of anything I had anything to do with arose as a floor amendment added to a bill that somebody got up and said, "Well, the House will never take an amendment like that," That is what happened on tax indexing; that is what happened on Gramm-Rudman; that is what happened on the sodbuster bill; that is what happened on the GI bill. Over and over again we hear, "Well, the House just won't take this amendment."

Let me just say to my friends, I think there is a very good prospect that the House will take this bill and with this amendment on it. One way or another, the conferees will find a way to craft a bill which will be acceptable to the President, and it will be my hope and determination to help that happen.

Mr. KENNEDY. I gather that the answer to my question is "No," that the Senator from Colorado would not support this bill at final passage. I see the minority leader. I wonder if he would address this issue?

Mr. DOLE. If the Senator will yield, it seems to me it is important that we raise this issue. One of the first bills I introduced was to repeal the earnings limit altogether on Social Security recipients, and so it is an issue that I think needs to be pursued.

I do not think it is going to change any votes on a veto. But we are serving notice, not on anybody in the Chamber because I think most people, if they could figure out a way to do it, would like somehow to modify the present earnings limitation, this is the first shot in a sense. It is an indication that there is a lot of interest. It is not just on this side. It is on the other side of the aisle. It is an issue that some of us have been wanting to address for some time. It is an issue that goes back for several years. So I am pleased to be a cosponsor.

Now, will that affect my vote? Someone said—I think it was in our policy luncheon—"I am not a rocket scientist but I don't understand the utility of offering this amendment on the minimum wage bill."

Well, I am not a rocket scientist either but it would seem to me it is worth the effort to raise the issue. It has now been assessed by the distinguished Senator from New York, who is certainly an expert in this area, by our chairman of the Finance Committee, Senator BENTSEN, and by many others off and on that committee. I think before the year is over we are going to have some relief.

So my answer is I assume the bill that will pass the Senate on minimum wage will be the so-called Democratic compromise, $4.55, and a meaningless 60-day training wage. That will go to conference with almost an identical bill, and I assume that these amendments may be stripped off, but in any event, with or without the amendment, the President would veto it. It would come back and I would vote, as I hope at least 36 or 37 others would, to sustain the veto and then we are back with another minimum wage bill, and by that time we may have everybody on board on this amendment.

Mr. KENNEDY. I thank the Senator. The record then ought to be clear to the seniors across the country that at least it is the view of the principal sponsor of this amendment as well as the minority leader that even though they see this injustice involving the earnings cap given the demographic makeup of our society, even having listened with interest about the injustices which exist, that evidently they are not prepared to support this bill with the amendment. I am absolutely convinced, now that the Senate has voted on the minimum wage that we should be paying and that there has been a determination by this body on that issue after pretty good debate and discussion of several days, evidently the disparity between 25 and 55 cents for the working poor and the difference between 6 months and 2 months is of such concern to those particular Senators that even with the additional injustice of the earnings cap it is not sufficient for them to overcome their resistance to the differentiation between the President and the Senate. But I think it is important that the seniors across the country, should that amendment be accepted—and I expect that it would—have a realistic sense of what is happening on the floor of the Senate and they do not get their hopes up. The message is that although we are concerned about that, evidently we just cannot come to the point of agreeing that we want to provide an increase for the working poor.

I think that is really what is going on here, and I think people ought to understand it and particularly the elderly people so that they are not going to have some kind of misinterpretation or misunderstanding or false hopes of what is being discussed here in the Senate. That is at least how this Senator views it, and I would be glad to suggest the absence of a quorum or yield.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Republican leader.

Mr. DOLE. I take the opposite tack. I think the seniors ought to be heartened that this issue has been raised. I am not the principal sponsor; I am only a cosponsor. We might be willing to pass it by itself right now by unanimous consent. It has that much merit. Why not just take it up on its own and send it over to the House? Then we would not have the argument, "You are putting it on some bill that might be vetoed."

But I assure senior citizens that the amendment is offered in total good faith, supported in good faith by Members on both sides, and is not going to be forgotten. I thank the Senator from Colorado, who is not doing it for any political motive; he has decided not to run again. So his credibility is pretty good. He has offered the amendment—he has worked on it for a number of years—and he will be back this week or the next week with this version or another version if he can improve upon it.

So it seems to me the senior citizens not only in Colorado but in all of our States should be grateful to the distinguished Senator from Colorado for bringing this to our attention. In fact, he was prepared to do it earlier this year. He did not do it. I prevailed on him not to do it on a particular bill because I think both sides did not want any amendments to that bill.

I say to my friend from Massachusetts, it seems to me we have a fundamental difference on policy. I would say on behalf of this President, George Bush, had he adopted the line of President Reagan of no increase in the minimum wage, I bet there would have been a happy compromise at $4.25 and everybody would have been on board. But the President in a very honest effort said, "I don't want to play that game. I am not going to start at $4." Some suggested $4, some sug-

gested $4.10. He said, "I am going to do what it ought to be, what I have been advised it should be, $4.25 and I am going to stick with it." Because by going to $4.25 from $3.75 he went about 70 percent of the way as requested by my colleagues, many of my colleagues on the other side.

So there are going to be lots of amendments offered to this legislation, in my view, after we dispose of this amendment and maybe a couple others. There is section 89 on which we would like to have at least some expression whether it ought to be modified or repealed; it is causing businessmen and businesswomen all across the country a great deal of grief and extra work. I am not certain it is ever going to benefit the people intended.

But after we adopt a few of these amendments, it is my hope we can go ahead and do whatever we need to do in final disposition and get this bill down to the President, and if it is not changed to $4.25 and the 6-month training wage, then he can veto it, get it back to us, and hopefully we will put this amendment back on the next one.

I would alert the Secretary of Labor—I will do it from here rather than at home—and the White House this amendment may be back even at $4.25.

So I want the RECORD to show that the amendment was offered in total good faith by a Senator whose credibility is unassailable at this point because he is removing himself voluntarily from this body at the end of this term. I am grateful to the Senator from Colorado for his effort. He does not give up easily. He will be back next week, next month, next year, and I will bet before the year is out there will be some change in the earnings limitation which will be good for about 800,000 senior citizens.

And I listened with interest to my good friend, the Senator from Texas, chairman of the committee. He gave five good reasons. I used to stand here and give the same five good reasons when I was chairman of the Finance Committee, and then proceed to be defeated because when people have a good amendment those reasons do not make much difference. So you can say "Well, the House won't take it, it will bust the budget, and we haven't looked at it, and we haven't had any hearings." I remember making that speech a number of times and then losing.

I commend the Senator from Texas for making this speech. He is a responsible chairman, certainly an outstanding Senator. But it seems to me this amendment will pass, and maybe it just ought to be accepted. I think he would like to have a rollcall. We can go on to some other amendments. There are some 23 still pending. I say to the Senator from Massachusetts we are trying to reduce that number sharply.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I will just take one moment. I would anticipate that this is going to be accepted here this evening or on tomorrow. And it may very well be for the reasons pointed out by the Senator from Colorado and the Senator from Kansas. Maybe this position will be sustained in conference.

Our point is: Why put the seniors through this process again and again? All we would probably need is the votes of the Senator from Colorado and the Senator from Kansas should we be successful in coming back to this particular proposal on the increased minimum wage and this amendment. That was the point that we were trying to address.

Hopefully, Mr. President, if the result is that this is accepted here, either by rollcall or by a voice vote, that perhaps there will be others of that 30-odd group who are opposed to this bill that will say this really is enough. They may say that while they are concerned about the minimum wage, they recognize the injustice of the earnings cap. Perhaps this will be enough to help, to override a veto. We are still hopeful that we will not be faced with that, but perhaps some of those 30-odd Members might be willing to take a second look, and perhaps some of these many injustices may be addressed.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

Mr. ARMSTRONG. Mr. President, we have had a good debate on this, and I am grateful to those who have spoken in support of the amendment. I appreciate particularly the observations of the Senator from Kansas [Mr. DOLE]. I am grateful to my friend from Nebraska who has spoken on this very eloquently. Senator EXON touched I think the nub of the issue when he talked about the lives of the people who are affected because this really is at the bottom of a matter of justice first and foremost.

It has some practical economic consequences. Certainly bringing people back into the labor force or permitting them to remain in the labor force is an important contribution to the economic life of our country and to become more important in the years ahead if the demographic trends that we are expecting actually materialize. So there is an economic aspect to it.

But the Senator from Nebraska is correct. This is first and foremost a matter of justice. So I am grateful to him for what he said, and I am grateful to the others who have spoken up, Senators SYMMS, COATS, GRAMM, HATCH, and our colleague from Rhode Island, Senator CHAFEE.

Mr. President, I am troubled by the fact that the debate on this amendment casts me in the role of being on the other side of my friend from Texas, the chairman of the Finance Committee, and my friend from New York, Senator MOYNIHAN, chairman of the Subcommittee on Social Security Finance. First, Senators BENTSEN and MOYNIHAN are among the brightest, and known to be the most insightful in this body.

What is more, I say this in a personal sense. They are my brothers, and colleagues on the Finance Committee. Some Senators may not be aware of this, but the truth of the matter is the Senate Finance Committee is the best committee of the Congress, better than any other. I have not served on all of them, but in terms of the scholarship, the staff, the spirit, the output, and the bipartisanship that prevails, I have never been on a committee or seen a committee in action in the Congress that is as good as the Senate Finance Committee. I take very seriously that relationship, and would not do anything willingly that would interfere with that.

By the same token I also want to acknowledge, while I guess they are going to vote against this amendment, I know their heart is in the right place. They have said so. They have made it clear they favor doing something about the Social Security earnings limit. They have voted to do so on other occasions, in fact more than once. So what we really have here at most is a disagreement among friends about the best way to approach this issue.

So in that spirit, Mr. President, I want to take a moment to respond to the six objections which have now been raised to this bill. I can do so quite quickly. I do not think there is any need for me to elaborate on the attraction of this. It is economic justice. It is social justice. It is good labor policy. I have said that.

I will submit for the RECORD an analysis of the bill which makes in detail the arguments in support of the amendment.

Let me talk about the six objections. First, the argument that this is a cut in benefit to some people. Does anybody remember the name of the statue of blind justice? Remember the blindfolded lady who is portrayed holding the scale of justice? A former chairman of the Senate Finance Committee, one of the greatest Members ever to serve in this body, our friend Russell Long, made a very interesting point one day in the Finance Committee. He said, "You know, we are not blind like the lady justice." As Senators, we are here to know who we are helping and who we are hurting. Hurt-

ing. We are not just basing our decision on abstract principles. It is our duty, our obligation, Senator Long used to say, to know who gets helped and who gets hurt.

I want to respond very directly to the point that there are going to be some people who might be hurt by part of the amendment which we use to pay for the benefit increase; that is, for the lifting of the Social Security earnings limit.

First of all, let us talk about how many there are. There are at most an estimated 100,000 such persons. This compares with those who we are helping with the other part of the amendment which are 700,000 workers, 115,000 dependents, 40,000 survivors, and an estimated 140,000 people who do not even bother to file for Social Security at the present time.

Moreover, it is important to understand that the amount of help or hurt is grossly disproportionate. We are talking about a permanent change that effects every working Social Security recipient in this age bracket into the future. We are talking about for a limited group of people and a one-time change that might—I say "might" because it is not a certainty—work to their disadvantage. The extent of that one-time disadvantage is in most cases a few hundred dollars.

Mr. President, I also want to make this point so there is no confusion. Not one person who is now receiving a benefit will be disadvantaged by even $1 by this amendment. We are talking about a group of people who in the future when they retire might chose to opt for the retroactive retirement benefit, a benefit of which most are not presently aware, a benefit which ordinarily comes to their attention when they go to the Social Security office, and say, "I am thinking of retiring" and it is at that point it first becomes available to them.

Second, Mr. President, I want to say a word about the question of budget neutrality. Are we paying for this amendment? I want to again make the point that the offset which we have proposed more than pays the cost of this amendment in fiscal 1989 and fiscal 1990. This is what we are required to do under the rules.

We are not doing more than is required but I would like to point out that on many occasions the Senate votes to adopt legislation which does not purport to pay for itself for 5 minutes. When the defense bill comes to the floor, we do not ask, "How are you going to pay for the battleship?" When the drug bill comes to the floor, and we authorize the drug program, we do not say, "Where is the offsetting revenue for that?" In this particular case, I have undertaken that responsibility, not only to pay for it, but to pay for it with an offsetting amendment, which comes from the same committee and the same appropriations subcommittee. That is not something that is necessarily required to be done. It is just something, as a token of good faith, I think we should do.

For the years beyond fiscal 1990, what about that? The answer is that in the outyears, the years for which we do not have a budget resolution, this program competes with all the rest of the budget for spending priority position.

No. 3, Mr. President, is a question of whether or not we have had enough careful study and enough hearings. Now, it is not actually correct to say that this has not been the subject of hearings. This matter was the subject of hearings. As a matter of fact, during the years when I was the chairman of the Social Security Subcommittee, this was a matter that we considered.

Now recently, the Select Committee on Aging, the Subcommittee on Retirement and Employment held field hearings on this matter during 1987 in Georgia and New Jersey. The House Ways and Means Committee held a hearing on this issue on September 29 of last year. This has been a matter which has been studied at some length by scholars and also by those who write editorials for newspapers.

I mention that simply because it underscores the fact that this is not a novel issue. I send to the desk and ask unanimous consent that there be printed in the RECORD just the highlights of some of the editorial comments from about three dozen newspapers that have chosen to address the question of the earnings limit. This is not a new issue.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

EDITORIAL COMMENTS IN FAVOR OF REPEALING THE EARNINGS TEST

What's wrong with a limit? For starters, it's an earnings limit, not an income limit. Those who have huge incomes from pensions or investments don't lose a dime in Social Security benefits. Those who earn more than $8,160 a year bagging groceries do.—Rochester Democrat & Chronicle, Dec. 4, 1987.

For the working stiffs who need both benefits and wages to get by, or who simply enjoy working and have something to contribute to society, the penalty kicks in at a ridiculously low earnings level $8,160, after which $1 of benefits is lost for every additional $2 earned.—San Jose Mercury News, Dec. 2, 1987.

The limit is a work tax, pure and simple.—Rochester Democrat & Chronicle, Dec. 4, 1987.

Those who have paid into the Social Security trust fund for so long should not have to sharply curtail their income to receive the benefits they are due.—St. Louis Post-Dispatch, Dec. 3, 1987.

The message sent to older people is that they have nothing to contribute to the nation's economy after retirement.—The Washington Times, July 7, 1987.

The Social Security landscape is littered with a great irony: While the program is built on the strength of the work ethic, its earnings test actually provides a disincentive to work.—The Baltimore Sun, Oct. 9, 1987.

The earnings cap is an outmoded concept that harks back to Depression-era thinking.—St. Petersburg Times, Dec. 3, 1987.

Unfair? Of course it is. It is also illogical, which perhaps explains why it has had such acceptance in Washington.—South Bend Tribune, Dec. 2, 1987.

Both individual citizens and society as a whole would benefit from a repeal of the law that limits what Social Security recipients may earn before their benefits are reduced.—Dallas Morning News, December 1, 1987.

The benefit-reaction law made some economic sense when Social Security was established in the 1930s and the government wanted to encourage the elderly to leave the labor force and open up jobs for younger workers. But with declining birth rates and the nation's need for more, not fewer, experienced workers, the measure is bad for the nation as well as its older workers.—The San Diego Tribune, December 2, 1987.

Now that the leading edge of the big baby boom generation is past age 40, the smaller size of the baby bust generations that are entering the work force will ensure that the shortage of skilled workers will grow . . . Under such conditions, it is economic lunacy to push millions of veteran, willing workers into retirement by effectively taxing them at a higher rate than billionaires pay.—Dallas Morning News, December 1, 1987.

Work is important to many of the elderly, who are living longer. They shouldn't be faced with a confiscatory tax for remaining productive.—Detroit News, July 29, 1987.

As the senior population expands and the younger population shrinks in the decades ahead, there will be an increasing need to encourage older workers to stay on the job to maintain the nation's productivity.—Los Angeles Times, January 3, 1988.

Who can justify a 50 percent tax on some of the neediest Americans, while the Tax Reform Act of 1986 guarantees a top rate of 28 percent for the wealthy?—Rochester Democrat & Chronicle, December 4, 1987.

Moreover, people are living longer; the economy is hurt when artificial barriers block the full use of our most productive asset, people.—Forbes, December 28, 1987.

No American should be discouraged from working, as long as he wants to and is physically able to do so. And as the label "entitlement" implies, he is entitled to the benefits he invested in over so many work years.—The Cincinnati Enquirer, December 9, 1987.

One consequence of this skewed policy is the emergence of gray, underground economy—a cadre of senior citizens forced to work for extremely low wages or with no benefits in exchange for being paid under the table.—The Baltimore Sun, October 9, 1987.

Equity and common sense demand that this disincentive to work be scrapped.—Houston Post, December 7, 1987.

On the face of it, the game appears rigged in favor of those who stop working at 65 and against those who keep working, in favor of well-to-do retirees and against middle- and low-income retirees who need a part-time job to help with expenses.—The Indianapolis Star, December 6, 1987.

Furthermore, there is no need to change the rules abruptly. The limit on earnings

can be removed gradually, say over five years. A phase-in would work well especially since for those 70 years old and older, there is no earnings limit anyway.—The News Journal, December 5, 1987.

Individual seniors lose because they can't be as active and productive as they would like, and society loses by being deprived of experienced, often highly skilled labor.—Register Guard, December 4, 1987.

For medical and nutritional reasons, Americans 65 through 69 do not feel as tired as their counterparts did a generation or two ago. Consequently, many want to keep on working. But disillusioned by that infernal Social Security retirement test, they are tempted to circumvent the restriction by not reporting some income.—Cedar Rapids Gazette, December 3, 1987.

It is not wrong to encourage willing older adults to remain in the work force.—The New York Times, December 6, 1987.

Discriminating so blatantly in favor of investment income and against wage or salary income would be justified only if the goal of the program were to keep people out of the work force.—Register Guard, December 4, 1987.

Indeed, repealing the tax might actually increase revenues. More people would be working, paying more taxes of all kinds, including the Social Security tax. If our government bureaucrats want us to keep paying their salaries, the least they can do is make it possible to work in the first place.—The Orange County Register, December 1, 1987.

The message is clear. When otherwise law-abiding people are tempted to underreport income, it is time to examine the cause. If a law is to blame, then Congress had better consider changing the law.—Cedar Rapids Gazette, December 3, 1987.

At a time when the nation is facing a rising labor and skills shortage, when the demand for mental, as opposed to physical, skills is accelerating, the nation's rising cohort of men and women over 60 is too valuable a resource to kick away.—The Washington Times, March 27, 1989.

On balance, it seems to us that the overall economy would be healthier if the elderly—poor, rich and in between—could work if they want to without forgoing Social Security benefits.—Evansville Courier, December 7, 1987.

No private retirement system would ever discourage its recipients from working at other jobs.—The Orange County Register, December 1, 1987.

Mr. ARMSTRONG. Now, Mr. President, is the offset provision, the retroactive issue, a novel question? Although a couple of my colleagues mentioned they do not think we ought to rush into an amendment of this character, it has been dealt with before in this Chamber in 1980. A similar amendment was adopted, both in the Finance Committee and on the floor.

Subsequently, the amendment was changed and adopted in a conference committee. At that time, there were no special hearings. Nobody raised the objection that it was novel or unheard of. In fact, it is an amendment which is comparable to changes which have been made in other retirement programs, and only this one, so far as I am advised, remains available in retroactive form.

Mr. President, it has been asserted that there is no relationship between this amendment and the minimum wage bill, that in a sense, it is nongermane. I simply do not agree with that. It is germane. We are giving one group of people, the minimum wage earners, an increase in what they can earn. Now, I say it is only fair that when you have a group of citizens—we are not talking about high-paid citizens or wealthy people, we are talking about low- and middle-income wage earners—that they ought to have a chance to get a little increase, too, and the increase that I have proposed is proportionate, roughly, to the increase in the minimum wage.

Mr. President, it has been asserted that this amendment is going to be dropped in conference, I do not think that is true. I cannot predict what might happen, but I am led to believe that there are a lot of Members of the House that are very much interested in this. There are a lot of members of various interest groups around the country who think this is a good idea and who, in fact, I believe, will be in touch with Members of the House to let that be known. Among those interest groups are two organizations which have long been interested in Social Security, the American Association of Retired Persons, which I personally regard as a very statesmanlike organization, as well as, I believe, the largest organization of senior citizens in the country, which under the date of April 6 wrote a letter endorsing the underlying amendment and the offset provision. The other is the National Committee to Preserve Social Security and Medicare. I ask unanimous consent that both of these letters be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

April 6, 1989.

Hon. WILLIAM ARMSTRONG,
U.S. Senate, Washington, DC.

DEAR SENATOR ARMSTRONG: The American Association of Retired Persons (AARP) has long supported revising the Social Security retirement test. We believe congressional action to liberalize the earnings limit encourages older persons to continue working and represents prudent public policy now and especially in the future.

Under current law beneficiaries age 65 to 70 lose $1 in Social Security benefits for every $2 of earnings over the earnings limit of $8,880 in 1989. Beginning in 1990 this penalty will be reduced to $1 for every $3 in excess earnings. Last year 700,000 retired workers, 115,000 dependents and 40,000 survivors lost some of their Social Security benefit because of the earnings limit. For moderate and middle income workers who want or need to continue working beyond age 65, this penalty is burdensome.

Your amendment would increase the monthly limit by a modest $80. Any liberalization, even a modest one, brings needed financial relief to those who work out of necessity. If enacted, 85,000 lower paid workers who earned between $9,000 and $10,000 would no longer be affected by the retirement test. In addition, the amendment would provide some relief for the more than three-quarters of a million persons now affected by the earnings limit.

For example, a beneficiary with $6,108 annually in Social Security benefits (the average benefit for 1989) and $12,000 in wages would lose $1560 in benefits under current law. The Armstrong amendment would reduce this person's loss by $480, cutting their loss of benefits by about 30 percent.

Given the current budgetary situation and the constraints imposed by Gramm-Rudman-Hollings, the cost of any liberalization must be deficit neutral. In light of these requirements, AARP believes that the offset in your amendment is a reasonable one.

The Association commends you for offering this amendment. We hope your colleagues will support it.

Sincerely,

JOHN ROTHER,
Director, Legislation, Research and Public Policy.

APRIL 7, 1989.

Hon. WILLIAM M. ARMSTRONG,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR ARMSTRONG: The National Committee's Legislative Agenda for the 101st Congress calls for elimination of—or, at a minimum, reduction of—benefit penalties for senior citizens and disabled individuals who choose to work. Our agenda also calls for actuarially equitable delayed retirement credits.

Because your amendment moves toward our long range goal, we support your recommendation for a $1,000 increase in the annual earnings limitation for workers who are full retirement age. We also endorse acceleration of the scheduled increase in the delayed retirement credit which would make your proposed elimination of retroactive benefits actuarily fair for affected beneficiaries. At a minimum, your Sense of the Senate resolution will put the Senate on record in favor of this change.

The National Committee is convinced that Social Security payroll taxes and accumulating trust fund reserves are more than adequate to support benefit changes to achieve equity, such as elimination of the retirement test, without offsetting benefit reductions. Only continued use of Social Security reserves to hide general revenue deficits argues in support of offsetting reductions.

Nevertheless, we believe the proposed eliminated of retroactive retirement benefits to over-age-65 retirees and their dependents will not cause undue hardship, particularly if public education efforts alert older workers to this change. At the same time, the proposed increase in the earnings limitation has the long range potential for vastly improving the economic status of low-income older workers. Our support for your amendment is based on our evaluation of this cost-benefit equation and our understanding that the offsetting reductions would not be used to further hide the deficit.

Finally, we don't believe that passage of this amendment should in any way hinder final passage of the important minimum wage legislation being considered by the Congress.

We would appreciate it if you included our letter in the record of the debate on the amendment. We look forward to further dis-

cussing our long-range goal of benefit equity for retirees and their families, including complete elimination of the retirement test and actuarially equitable increases in delayed retirement credits for workers, spouses, dependent children, and surviving spouses and children.

We appreciate this opportunity to express our views on this important issue.

Cordially,

MARTHA MCSTEEN,
President.

Mr. ARMSTRONG. The Senator from Kansas has made the point that if for some reason this amendment is part of a bill which is ultimately vetoed by the President, that we will just come back and try again. That is not a novel procedure. In fact, the way a lot of the most important legislation around here gets adopted is that it first goes down to the White House, the President vetoes it, and he sets forth in writing his reasons for vetoing it, and then it comes back and is readjusted a little to his specifications.

I am not daunted by the prospect that we might have to go through that process. I have been through it before, as has every Member of the Senate.

Mr. President, that is about where we are. It seems pretty plain to me that we have an amendment which adds a lot of economic justice, which is budgetarily sound, which has a reasonable chance of adoption, not only in this Chamber, but in the other body, as well.

Mr. President, in closing, let me say that I am particularly grateful to those who have joined me in cosponsoring this measure.

I ask unanimous consent that Senator LUGAR and Senator WARNER be added to that list.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senate majority leader.

Mr. MITCHELL. Mr. President, as has been demonstrated during the debate, this amendment raises an important issue. It has been an instructive debate for all Members of the Senate. I had earlier indicated that there would be no votes after 7 p.m., and we are just about at that hour. So it is my intention and my hope, that the Senators will agree that we will take this up first thing in the morning and, hopefully, we will be able to resolve it at that time, and then move on to other amendments on this legislation. So there will be no more votes this evening.

MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that there now be a period for morning business, not to exceed beyond 7:15 p.m.

The PRESIDING OFFICER. Is there objection?

Hearing no objection, we will now have a period of morning business until 7:15 p.m.

BIPARTISAN ACCORD ON CENTRAL AMERICA

Mr. COCHRAN. Mr. President, I rise today to join my colleagues in introducing legislation to implement a bipartisan accord on Central America.

This legislation is historic, not only because it provides nearly $50 million for humanitarian assistance to the Nicaraguan resistance, but also because it represents the will of the American people. The President and the Congress have reached agreement on a means to continue support for the Contra movement and at the same time to give the Nicaraguan Government another chance to honor its promises for peace and democracy.

The agreement itself is simple. The act authorizes the Agency for International Development to spend $49.75 million for humanitarian assistance through February 28, 1990, together with necessary transportation costs and $5 million for administrative expenses.

The meaning of the agreement, however, is profound. For the first time in years, the Contra aid issue has been resolved, not in the media or in late sessions in the House or Senate, but through discussions between the White House and the Congress. It is a plan for all Americans to accept, with the knowledge that we are carrying out our responsibilities to democracy in Central America.

With the implementation of this agreement, we are telling the Marxist government of Nicaragua that we have abandoned neither our friends nor our democratic principles, and that we expect free elections to be held in Nicaragua, as promised, by the end of next February.

This act has another meaning as well. President Bush has shown by this accord that he can and will work with the leadership of the Congress on major challenges facing the Nation. The principles of negotiation and compromise demonstrated here hold great promise for the future as we confront such issues as the deficit, the need for improved education and medical care, and the quest for a better lifestyle for all Americans.

Mr. President, I am proud to cosponsor this act, and I believe that it represents a strengthened relationship between the President and the Congress.

TRIBUTE TO DR. ALFRED R. D'ANGELO, D.O., PRESIDENT OF THE PENNSYLVANIA OSTEOPATHIC MEDICAL ASSOCIATION

Mr. SPECTER. Mr. President, on May 6, 1989, Dr. Alfred R. D'Angelo, D.O., will be installed as president of the Pennsylvania Osteopathic Medical Association. As president, Dr. D'Angelo will be the chief executive officer of the State group.

Dr. D'Angelo's rise to the presidency of the association represents an American success story. Born of Italian parents of modest means, he worked hard to get through college and into medical school. With the assistance of his parents, he graduated from Cheyney University and the Philadelphia College of Osteopathic Medicine and went into practice in York County, PA.

Over the years, Dr. D'Angelo has been very active in the State association, serving as a delegate to the national group, chairman of the group's department of association affairs, chairman of its committee on property, as a member of its legislative committee and of its committee on finance. He has worked diligently and successfully in furtherance of the association's goals.

Dr. D'Angelo has also served as chairman of the board of directors of the Physician's Diagnostic Center and as medical director of the Central Pennsylvania Chapter of the American Diabetes Association's Camp Setebaid.

He is a member of the medical staff of Memorial Hospital in York and is a partner in the Dairyland Medical Center in Red Lion, PA, and the Valley Green Medical Center in Etters, PA.

Dr. D'Angelo's climb to the top of the Pennsylvania Osteopathic Medical Association was not achieved overnight. He won the esteem and affection of his fellow physicians by dint of enterprise and effort on behalf of the State group over many years. He did it the old-fashioned way. He earned it.

Therefore, on the occasion of Dr. Alfred R. D'Angelo's installation as president of the Pennsylvania Osteopathic Medical Association, it is altogether fitting that the U.S. Senate take note of this event and congratulate him and commend the association for its medical efforts to keep Pennsylvanians in good health.

MESSAGES FROM THE HOUSE

ENROLLED JOINT RESOLUTIONS SIGNED

At 2:16 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolutions:

H.J. Res. 102. Joint resolution to designate April 1989 as "National Recycling Month";

H.J. Res. 112. Joint resolution designating April 23, 1989, through April 29, 1989, and April 23, 1990 through April 29, 1990, as "National Organ and Tissue Donor Awareness Week"; and

H.J. Res. 173. Joint resolution to designate April 16, 1989, and April 6, 1990, as "Education Day, U.S.A.".

The enrolled joint resolutions were subsequently signed by the President pro tempore [Mr. BYRD].

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-881. A communication from the Secretary of Defense, transmitting, pursuant to law, a report on a violation of regulations regarding the overobligation of an approved appropriation; to the Committee on Appropriations.

EC-882. A communication from the Secretary of Defense, transmitting, pursuant to law, a report on a violation of regulations regarding the overobligation of an approved appropriation; to the Committee on Appropriations.

EC-883. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on the status of budget authority that was proposed for rescission by the President in his third special impoundment message; pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations and the Committee on the Budget.

EC-884. A communication from the Secretary of Defense, transmitting, pursuant to law, a report on United States expenditures in support of NATO; to the Committee on Armed Services.

EC-885. A communication from the Secretary of the Navy, transmitting, pursuant to law, notice of the proposed transfer of the obsolete destroyer, EDSON to the Intrepid Sea-Air-Space Museum, New York, New York, for use as a naval museum; to the Committee on Armed Services.

EC-886. A communication from the Assistant Secretary of the Navy (Shipbuilding and Logistics), transmitting, pursuant to law, a report on the conversion of certain functions to performance by contract; to the Committee on Armed Services.

EC-887. A communication from the Deputy General Counsel of the Department of Defense, transmitting a draft of proposed legislation to authorize the transfer by grant of two naval vessels to the Republic of the Philippines; to the Committee on Armed Services.

EC-888. A communication from the Director, Administration and Management, Office of the Secretary of Defense, transmitting, pursuant to law, a report on the financial condition and operating results of the Working Capital Funds of the Department of Defense for fiscal year 1988; to the Committee on Armed Services.

EC-889. A communication from the Deputy General Counsel of the Department of Defense, transmitting a draft of proposed legislation to make permanent the authority of the Secretary of Defense to pay expenses relating to certain international meetings; to the Committee on Armed Services.

EC-890. A communication from the Deputy General Counsel of the Department of Defense, transmitting a draft of proposed legislation to increase flexibility in funding for combined military exercises with developing countries; to the Committee on Armed Services.

EC-891. A communication from the Deputy General Counsel of the Department of Defense, transmitting a draft of proposed legislation to enhance flexibility in the allocation of appropriations of the Department of Defense for humanitarian and civic assistance activities; to the Committee on Armed Services.

EC-892. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the annual report on community development programs for fiscal year 1988; to the Committee on Banking, Housing, and Urban Affairs.

EC-893. A communication from the Acting President and Chairman of the Export-Import Bank of the United States, transmitting a draft of proposed legislation to amend the Export-Import Bank Act of 1945 as amended; to the Committee on Banking, Housing, and Urban Affairs.

EC-894. A communication from the Administrator of the National Aeronautics and Space Administration, transmitting a draft of proposed legislation to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-895. A communication from the Secretary of Transportation, transmitting, pursuant to law, the annual report of the Maritime Administration for fiscal year 1988; to the Committee on Commerce, Science, and Transportation.

EC-896. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for fiscal years 1990 and 1991, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-897. A communication from the Assistant Secretary of Army (Civil Works), transmitting a draft of proposed legislation to authorize the imposition of certain recreation user fees at water resources development areas administered by the Department of the Army; to the Committee on Environment and Public Works.

EC-898. A communication from the President of the United States, transmitting, pursuant to law, notice of the designation of Anne E. Brunsdale as Chairman and Ronald A. Cass as Vice Chairman of the United States International Trade Commission; to the Committee on Finance.

EC-899. A communication from the United States Trade Representative transmitting, pursuant to law, a report on the enforcement of United States rights under trade agreements and our response to unfair trade practices of foreign governments that burden or restrict U.S. trade; to the Committee on Finance.

EC-900. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Review of the Office of Business and Economic Development Loan Program"; to the Committee on Governmental Affairs.

EC-901. A communication from the Acting Federal Inspector, Alaska Natural Gas Transportation System, transmitting, pursuant to law, a report on the system of internal controls and financial systems in place during calendar year 1988; to the Committee on Governmental Affairs.

EC-902. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a list of reports issued by the General Accounting Office in February 1989; to the Committee on Governmental Affairs.

EC-903. A communication from the Executive Director of the State Justice Institute, transmitting, pursuant to law, a report on the system of internal controls and financial systems in place during calendar year 1988; to the Committee on Governmental Affairs.

EC-904. A communication from the Staff Assistant to the Delaware River Basin Commission, transmitting, pursuant to law, a report on the system of internal controls and financial systems in place during calendar year 1988; to the Committee on Governmental Affairs.

EC-905. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 8-14 adopted by the Council on March 14, 1989; to the Committee on Governmental Affairs.

EC-906. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 8-12 adopted by the Council on March 14, 1989; to the Committee on Governmental Affairs.

EC-907. A communication from the Director of the Office of Information, Office of Governmental and Public Affairs, Department of Agriculture, transmitting, pursuant to law, the annual report of the Department of Agriculture under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-908. A communication from the Assistant Secretary of State and the Assistant Attorney General (Legislative Affairs), transmitting jointly a draft of proposed legislation to provide for the issuance of special immigrant visas to certain aliens designated by the President, and for other purposes; to the Committee on the Judiciary.

EC-909. A communication from the Executive Secretary of the National Security Council, transmitting, pursuant to law, the annual report of the Council under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-910. A communication from the General Counsel of the Legal Services Corporation, transmitting, pursuant to law, the annual report of the Corporation under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-911. A communication from the Chief Administrative Office of the Postal Rate Commission, transmitting, pursuant to law, the annual report of the Commission under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-912. A communication from the Chairman of the Committee on Criminal Law and Probation Administration, Judicial Conference of the United States, transmitting, pursuant to law, a report on the impact of drug related criminal activity on the Federal judiciary; to the Committee on the Judiciary.

EC-913. A communication from the Chairman of the Board of Directors of the Tennessee Valley Authority, transmitting, pursuant to law, the annual report of the Au-

thority under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-914. A communication from the Acting President of the Inter-American Foundation, transmitting, pursuant to law, the annual report of the Foundation under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-915. A communication from the Commissioner of the Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, a report on the adjustment of the status of certain aliens under section 13(b) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC-916. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations for the Strengthening Historically Black Colleges and Universities Program; to the Committee on Labor and Human Resources.

EC-917. A communication from the Secretary of Education, transmitting a draft of proposed legislation to amend the Emergency Immigration Education Act of 1984 to simplify and improve the allocation of funds, to ensure that program funds are more specifically targeted to meet the special educational needs of eligible immigrant children without supplanting State and local funds, to clarify ambiguous provisions, and for other purposes; to the Committee on Labor and Human Resources.

EC-918. A communication from the Secretary of Education, transmitting, pursuant to law, notice of final funding priorities for Research in Education of the Handicapped; to the Committee on Labor and Human Resources.

EC-919. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to require the Secretary of Health and Human Services to impose fees under the Federal Food, Drug, and Cosmetic Act for the review of applications for marketing approval for new human and animal drugs, antibiotics, medical devices, and biological products, and for other purposes; to the Committee on Labor and Human Resources.

EC-920. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to amend title XX of the Public Health Service Act to authorize appropriations for the adolescent family life program; to the Committee on Labor and Human Resources.

EC-921. A communication from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to establish and conduct, for 5 years, a leave sharing program for medical emergencies of employees of the Department of Veterans Affairs who are subject to section 4108 of title 38, United States Code; to the Committee on Veterans Affairs.

EC-922. A communication from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, and other provisions of law, to extend the authority of the Department of Veterans Affairs [VA] to grant and respite care programs and to revise VA authority to furnish outpatient dental care; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-53. A concurrent resolution adopted by the Legislature of the State of North Dakota; to the Committee on Appropriations.

"HOUSE CONCURRENT RESOLUTION NO. 3079

"Whereas, 94 North Dakota cities have applied to the State Water Commission and the Garrison Diversion Conservancy District for financial assistance for water supply and distribution projects in their communities; and

"Whereas, the Southwest Pipeline Project will require $30 million in construction funds in order to provide water to Dickinson, and additional funds will be necessary in order to enable the project to distribute water to smaller communities and rural areas in southwestern North Dakota; and

"Whereas, the Northwest Area Water Supply Study indicated a significant need for improved water supply, water quality, and water distribution exists in the northwest portion of the state; and

"Whereas, several companies have considered relocating or locating their businesses in Fargo but have not done so because of the lack of a guaranteed water supply which has resulted in a limitation of new industrial economic development in Fargo; and

"Whereas, in 1988 North Dakota experienced one of the most severe short-term droughts in the state's recorded history which had a substantial impact on the agricultural and livestock sector of the economy of North Dakota; and

"Whereas, if the Garrison Diversion Unit Project had been complete in 1988 it would have provided 130,000 acres of irrigation and provided for the production of sufficient forage to adequately feed three-fourths of North Dakota's brood cow population for a period of 240 days; and

"Whereas, there is a critical need for distribution of Missouri River water into the Sheyenne and Red River systems; and

"Whereas, the tremendous recreation industry dependent on a stable water supply for Devils Lake is in continuous jeopardy both in terms of water quantity and water quality; and

"Whereas, water development projects provide opportunities for reducing flood damage by controlling floods, provide economic development opportunities by creating new wealth, and create new programs focusing on basic sector industries as well as other opportunities which enhance the quality of life in North Dakota; and

Whereas, $48 million is required to continue construction of project features; address municipal, rural, and industrial water supply needs; satisfy recreation and wildlife requirements; and provide Indian water requirements; now, therefore, be it

Resolved by the House of Representatives of North Dakota, the Senate concurring therein:

That the Fifty-first Legislative Assembly urges the Congress of the United States to appropriate $48 million for the Garrison Diversion Unit Project for fiscal year 1990; and be it further

"Resolved, that copies of this resolution be forwarded by the Secretary of State to the presiding officers of the United States House of Representatives and the United States Senate, to the Secretary of the Interior, and to each member of the North Dakota Congressional Delegation."

POM-54. A resolution adopted by the House of Representatives of the State of Arizona; to the Committee on Armed Services.

"HOUSE MEMORIAL 2001

"Whereas, the recently announced closing or reduction in the operations of various military installations will result in a serious negative economic impact to many areas of our state. Wherefore your memorialist, the House of Representatives of the State of Arizona, pray:

"1. That the Members of the Arizona Congressional Delegation closely monitor these transitions so as to assure that they are done in an equitable and fair manner with the least possible amount of economic disruption and actively seek and promote the location of other federal programs in these areas.

"2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the Members of the Arizona Congressional Delegation.

POM-55. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on Environment and Public Works.

"SENATE CONCURRENT RESOLUTION 1001

"Whereas, large-scale rehabilitation, repair and capacity improvements are ongoing necessities of the national highway transportation system; and

"Whereas, the highway transportation system is the most critical component of the physical infrastructure of the United States of America; and

"Whereas, there is a growing and concentrated national consensus for a program to serve the country's highway transportation needs through the year 2020; and

"Whereas, high quality highways are critical to the ability of manufacturers to build and deliver products and to the ability of states and communities to attract new industry and to sustain economic growth; and

"Whereas, the competitive position of states and of this nation in international trade is directly related to the quality of access to the interstate highway system and the physical condition of interstate and primary highways; and

"Whereas, current national policy makes no provision for continuing the federal aid highway program into the future; and

"Whereas, in all recent federal aid highway acts, Congress has had to include provisions for extending the highway trust fund and the taxes which accrue to the fund; therefore, be it

"*Resolved by the Senate of the State of Arizona, the House of Representatives concurring:*

"1. That the Congress of the United States make permanent the highway trust fund and the user fees accruing to the fund so that a reliable funding source is available for construction, rehabilitating and otherwise improving the highways and bridges which are so essential to the vigor of this state's and the national economies.

2. That the highway trust fund be protected from predatory proposals to divert highway user revenues to programs entirely unrelated to the transportation purposes for which the fund was established.

3. That the Secretary of State of the State of Arizona transmit a certified copy of this Concurrent Resolution to the President of the Senate of the United States, the Speak-

er of the House of Representatives of the United States and each Member of the Arizona Congressional Delegation."

POM-56. A resolution adopted by the City Council of the city of Lauderhill opposing and calling for an amendment to the catastrophic medicare health bill; to the Committee on Finance.

POM-57. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on Finance.

"SENATE CONCURRENT RESOLUTION 1002

"Whereas, the United States Congress is seeking some effective means of reducing the federal budget deficit in the immediate future; and

"Whereas, several proposals being considered for budget reduction purposes would increase the existing federal fuel taxes by various sizable increments; and

"Whereas, the United States Department of Energy has stated that "a motor fuel tax will create an economic loss which is of far greater magnitude than the possible benefits . . ."; and

"Whereas, an increase in the federal fuel tax for deficit reduction purposes would be a regressive tax affecting the poor to a greater extent than other income levels; and

"Whereas, states would receive no direct revenue benefits while incurring substantial increases in their public assistance costs if federal fuel taxes were increased; and

"Whereas, residents of the West pay more fuel taxes because they must travel greater distances by personal vehicles than residents of other regions and therefore would bear a disproportionate burden of deficit reduction; and

"Whereas, since there continues to exist a great need to rehabilitate and reconstruct the nation's transportation infrastructure, motor fuel taxes should continue to be dedicated to transportation purposes; and

"Whereas, the tourism industry, one of the top three employers in eighty per cent of the states, would be adversely affected if federal fuel taxes were increased; and

"Whereas, the gross national product, the consumer price index and employment all would be severely and negatively affected if federal fuel taxes were increased; and

"Whereas, increasing federal fuel taxes for deficit reduction purposes would not only undermine the highway trust fund but would also fail to get to the root of the budget deficit problem; therefore be it

"Resolved by the Senate of the State of Arizona, the House of Representatives concurring:

"1. That the Congress of the United States oppose increasing federal fuel taxes in order to reduce the federal budget deficit.

"2. That the Secretary of State of the State of Arizona transmit a certified copy of this Concurrent Resolution to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States and each Member of the Arizona Congressional Delegation."

POM-58. A Concurrent resolution adopted by the Legislature of the State of Arkansas; to the Committee on Finance.

SENATE CONCURRENT RESOLUTION No. 11

"Whereas, Arkansas, as well as other states, has difficulty collecting taxes on mail order sales to Arkansas residents by out-of-state mail order companies; and

"Whereas, as a result, the states are losing a substantial amount of revenues which are desperately needed to provide necessary services to the people; and

"Whereas, the enactment of the Federal Mail Order Sales Tax Bill would provide much relief to the states; now therefore, be it

"Resolved by the Senate of the Seventy-Seventh General Assembly of the State of Arkansas, the House of Representatives Concurring therein: That the General Assembly hereby urges the U.S. Congress to enact the Federal Mail Order Sales Tax Bill, and be it further

"Resolved that the General Assembly hereby urges the Arkansas Congressional Delegation to support and promote enactment of the Federal Mail Order Sales Tax Bill; and

"Resolved that upon adoption of this Resolution, a copy hereof shall be transmitted to the presiding officer of the U.S. Senate and of the U.S. House of Representatives, and to each member of the Arkansas Congressional Delegation."

POM-59. A resolution adopted by the Legislature of the Commonwealth of Massachusetts; to the Committee on the Judiciary.

"RESOLUTION

"Whereas, America stands for freedom and welcomes those who flee their homeland because of political oppression; and

"Whereas, Joseph Patrick Thomas Doherty, a native of Ireland, never charged with or convicted of a crime in the United States has been imprisoned without bail since June eighteenth, nineteen hundred and eighty-three by actions of the executive arm of the United States Government upon a British request for extradition; and

"Whereas, in December, nineteen hundred and eighty-four, in the first of many judicial decisions favorable to Mr. Doherty, a judge of the United States District Court denied the request for extradition on the grounds that the offenses alleged to have been committed by Mr. Doherty were political offenses; yet Joseph Patrick Thomas Doherty remained imprisoned without bail; and

"Whereas, from nineteen hundred and eithty-four to the present, the executive department of the United States, after losing its case for extradition before another federal district court, the U.S. court of appeals, an immigration judge and the board of immigration appeals continues to deny freedom to Joseph Patrick Thomas Doherty; and

"Whereas, Joseph Patrick Thomas Doherty, despite acknowledged good conduct, has spent over five years and nine months imprisoned under the most austere conditions, including; solitary confinement for "administrative" reasons; transfers from one prison to another without notice to his attorneys; deprivation of fresh air; eyeglasses, legal materials, books and visitors; and

"Whereas, notwithstanding six successive decisions in favor of Mr. Doherty's freedom, on June fourteenth, nineteen hundred and eighty-eight Attorney General Edward Meese, acting under color of law, ordered that Mr. Doherty be extradited to the United Kingdom, but the Board of Immigration Appeals ruled that Mr. Doherty should be permitted to apply for political asylum in the United States; and

"Whereas, although Mr. Doherty, under a seventh decision in his favor, is entitled to go forward on a claim for political asylum or a ban on deportation, he may still be subject to an extradition order from the present Attorney General, Richard Thornburgh; and

"Whereas, to continue to deny freedom to Joseph Patrick Thomas Doherty would be an offense to the Constitution of the United States, an insult to liberty and an affront to our judicial system; now therefore be it

"Resolved, That the Massachusetts Senate demands the release of Joseph Patrick Thomas Doherty from political imprisonment and calls upon the Attorney General of the United States to demonstrate to the British that we remain dedicated to freedom by denying their request for extradition; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, Attorney General Richard Thornburgh, the Presiding Officer of each branch of Congress and to the Members thereof from this Commonwealth and to Joseph Patrick Thomas Doherty."

POM-60. A concurrent resolution adopted by the Legislature of the State of Delaware; to the Committee on the Judiciary.

"HOUSE CONCURRENT RESOLUTION No. 45

"Whereas, the Tenth Amendment, part of the original Bill of Rights, reads as follows, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people"; and

"Whereas, the limits on Congress' authority to regulate State activities prescribed by the Tenth Amendment have recently been the subject of debate by the Supreme Court in the cases of *Garcia v. San Antonio Metropolitan Transit Authority,* 469 U.S. 528 (1965), and *South Carolina v. Baker,* 56 U.S.L.W. 4311 (U.S. April 20, 1988) (No. 94, Original); and

"Whereas, these cases hold that the limits of the Tenth Amendment are structural, and not substantive, leaving States to find protection from Congressional regulation through the national political process, rather than through judicially defined spheres of residual State authority; and

"Whereas, these U.S. Supreme Court decisions invite further Federal preemption of State authority; now, therefore be it

"Resolved by the House of Representatives of the 135th General Assembly of the State of Delaware, the Senate concurring therein, That it is the consensus of this body that the Tenth Amendment to the Constitution of the United States is and always has been of operational force governing and balancing the respective powers of operational force governing and balancing the respective powers of the States and the Federal Government. It is the further sense of this body to affirm that the Tenth Amendment is a substantive limit on national power and should so be applied as a test by the Courts of the United States and of the several states in the cases coming before them where a question of the exercise of the federal authority is raised; and be it further

"Resolved, That upon passage of this Resolution suitably prepared copies be forwarded to the President of the United States, The Honorable George Herbert Walker Bush, the United States Senate, the United States House of Representatives, Senator William V. Roth, Senator Joseph R. Biden, and Representative Thomas R. Carper, The Council of State Governments, Lexington, Kentucky, The National Conference of State Legislatures, Denver, Colorado."

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Ms. MIKULSKI (for herself and Mr. SARBANES):

S. 739. A bill to amend the Federal Crop Insurance Act to revitalize the Federal crop insurance program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KOHL:

S. 740. A bill to amend the Federal Salary Act of 1967 to provide that the recommendations for increases in the rates of pay for active Federal judges and justices shall take effect, unless separately disapproved by the enactment of a joint resolution; to the Committee on Governmental Affairs.

By Mr. LAUTENBERG (for himself, Mr. LEVIN, and Mr. PELL):

S. 741. A bill to require the Secretary of Labor to identify labor shortages and develop a plan to reduce such shortages, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. LAUTENBERG:

S. 742. A bill to establish an Employment Education Institute; to the Committee on Labor and Human Resources.

Mr. MCCONNELL:

S. 743. A bill to reduce campaign expenditures in Federal elections by providing a stable, adequate discount to Federal candidates for broadcast advertising time prior to an election; to the Committee on Commerce, Science, and Transportation.

S. 744. A bill to amend section 315 of the Communications Act of 1934 with respect to the purchase of broadcasting time by candidates for public office; to the Committee on Commerce, Science, and Transportation.

By Mr. SASSER (for himself, Mr. MOYNIHAN, and Mr. GORE):

S. 745. A bill to improve the highway bridge replacement and rehabilitation program; to the Committee on Environment and Public Works.

By Mr. SPECTER:

S. 746. A bill to implement a Federal crime control and law enforcement program and to assist States in crime control and law enforcement efforts, and for other purposes; to the Committee on the Judiciary.

By Mr. DECONCINI:

S. 747. A bill to amend chapter 44 of title 18, United States Code, regarding assault weapons; to the Committee on the Judiciary.

By Mr. CRANSTON (by request):

S. 748. A bill to amend title 38, United States Code, and other provisions of law, to extend the authority of the Department of Veterans' Affairs [VA] to continue the State home grant and respite care programs and to revise VA authority to furnish outpatient dental care; to the Committee on Veterans' Affairs.

By Mr. PELL:

S. 749. A bill to require the National Railroad Passenger Corporation to repair a fire-damaged train station located in Kingston, RI; to the Committee on Commerce, Science, and Transportation.

By Mr. BUMPERS:

S. 750. A bill extending time limitations on certain projects; to the Committee on Energy and Natural Resources.

By Mr. PELL:

S. 751. A bill to amend the Federal Election Campaign Act of 1971, to better inform the electorate in elections for the office of Senator or Representative in the United States Congress: to the Committee on Commerce, Science, and Transportation.

By Mr. HARKIN (for himself, Mr. HATFIELD, Mr. BURDICK, Mr. CRANSTON, Mr. DASCHLE, Mr. KENNEDY, Mr. KERRY, Mr. LEAHY, Mr. MATSUNAGA, Mr. RIEGLE, Mr. SANFORD, Mr. SIMON, and Mr. PELL):

S. 752. A bill to preserve the cooperative, peaceful uses of outer space for the benefit of all mankind by prohibiting the basing or testing of weapons in outer space and the testing of antisatellite weapons, and for other purposes; to the Committee on Armed Services.

By Mr. GORE (for himself, Mr. PRYOR, and Mr. HARKIN):

S. 753. A bill to provide a special statute of limitations for certain refund claims; to the Committee on Finance.

By Mr. PACKWOOD (for himself, Mr. CRANSTON, Mr. BAUCUS, Mr. BURNS, Mr. MCCLURE, and Mr. STEVENS):

S. 754. A bill to restrict the export of unprocessed timber from certain Federal lands, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

S. 755. A bill to authorize the States to prohibit or restrict the export of unprocessed logs harvested from lands owned or administered by States; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. THURMOND (for himself and Mr. BRADLEY):

S. 756. A bill to make the temporary suspension of duty on menthol feedstocks permanent; to the Committee on Finance.

By Mr. BENTSEN:

S. 757. A bill to redesignate the Federal hydropower generating facilities located at Dam B on the Neches River at Town Bluff, Texas, as the "Robert Douglas Willis Hydropower Project"; to the Committee on Energy and Natural Resources.

By Mr. LAUTENBERG:

S. 758. A bill to require the Secretary of the Treasury to monitor the adherence by certain United States corporations to principles of nondiscrimination and freedom of opportunity in employment practices in Northern Ireland; to the Committee on Governmental Affairs.

By Mr. BAUCUS (for himself, Mr. CONRAD, Mr. PRESSLER, Mr. DURENBERGER, and Mr. HARKIN):

S. 759. A bill to amend the Rural Electrification Act of 1936 to establish that it is a major mission of the Rural Electrification Administration to ensure that all rural residents, businesses, industries, and public facilities obtain affordable access, on an equal basis with urban areas, to telecommunications services and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. MITCHELL (for himself, Mr. DOLE, Mr. DODD, Mr. BENTSEN, Mr. BREAUX, Mr. DASCHLE, Mr. GRAHAM, Mr. KERRY, Mr. KERREY, Mr. PELL, Mr. ROBB, Mr. SANFORD, Mr. SASSER, Mr. BOSCHWITZ, Mr. BURNS, Mr. CHAFEE, Mr. COATS, Mr. COCHRAN, Mr. COHEN, Mr. D'AMATO, Mr. DANFORTH, Mr. DOMENICI, Mr. GARN, Mr. HATCH, Mr. HEINZ, Mrs. KASSEBAUM, Mr. LUGAR, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Mr. MURKOWSKI, Mr. RUDMAN, Mr. SIMPSON, Mr. THURMOND, Mr. PRYOR, Mr. INOUYE, and Mr. LEVIN):

S. 760. A bill to implement the bipartisan accord of Central America of March 24, 1989; to the Committee on Appropriations and the Committee on Foreign Relations, jointly, by unanimous consent and that Foreign Relations Committee be discharged from further consideration of the bill at the close of business on Wednesday, April 12, and that the committee be limited to a hearing only.

By Mr. DOMENICI (for himself, Mr. WALLOP, Mr. DURENBERGER, Mr. HATCH, Mr. COATS, and Mr. GRASSLEY):

S. 761. A bill to provide Federal assistance in developing adequate child care for the Nation's children, and for other purposes; to the Committee on Finance.

By Mr. EXON (for himself and Mr. KERREY):

S. 762. A bill to amend chapter 32 of title 39, United States Code, to limit the number of congressional mass mailings, require public disclosure of the costs of such mass mailings, and for other purposes; to the Committee on Rules and Administration.

By Mr. MACK (for himself, Mr. LIEBERMAN, Mr. GRASSLEY, Mr. DECONCINI, Mr. DOLE, Mr. LAUTENBERG, Mr. BOSCHWITZ, Mr. GRAHAM, Mr. GRAMM, Mr. LEVIN, Mr. COATS, Mr. BOREN, Mr. MCCAIN, Mr. HELMS, and Mr. DURENBERGER):

S. 763. A bill to require a report on the extent of compliance by the Palestine Liberation Organization [PLO] with its commitments regarding a cessation of terrorism and the recognition of Israel's right to exist, and for other purposes; to the Committee on Foreign Relations.

By Mr. FORD:

S.J. Res. 98. Joint resolution to establish separate appropriation accounts for the Senate and the House of Representatives for the payment of official mail costs; to the Committee on Rules and Administration.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BOSCHWITZ (for himself, Mr. CHAFEE, Mr. GORE, Mr. DURENBERGER, Mr. BREAUX, Mr. BOND, Mr. REID, and Mr. LUGAR):

S. Res. 99. Resolution requiring the Architect of the Capitol to establish and implement a voluntary program for recycling paper disposed of in the operations of the Senate; to the Committee on Rules and Administration.

By Mr. MITCHELL:

S. Res. 100. Resolution to amend Paragraph 3(c) of Rule XXV; considered and agreed to.

By Mr. LAUTENBERG:

S. Res. 101. Resolution to express the sense of the Senate opposing the imposition of a Federal licensing fee for recreational and commercial marine fishing and a levy of the sale of fish; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. MIKULSKI (for herself and Mr. SARBANES):

S. 739. A bill to amend the Federal Crop Insurance Act to revitalize the Federal crop insurance program, and

for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

FEDERAL CROP INSURANCE REVITALIZATION ACT

● Ms. MIKULSKI. Mr. President, I rise today to introduce legislation concerning the Federal Crop Insurance Program. The Crop Insurance Program is designed to provide farmers with the kind of sound protection they need against the loss of their crops due to natural disaster.

Everywhere I go I hear from farmers about problems they have getting crop insurance information and about concerns that protection levels are inadequate. This issue first came to my attention early last year when I met with farmers on Maryland's Eastern Shore. I then asked the Maryland Department of Agriculture for their recommendations for improving the program. In response to my request the Secretary of Agriculture put together a task force of farmers, agents, and USDA and State officials that produced a comprehensive report on the problem. I commend the Maryland Department of Agriculture for their excellent work. Many of their recommendations are included in this legislation.

Last year's drought made us all painfully aware of the fact that despite having the most advanced, efficient agricultural system in the world, farmers need to have adequate and affordable protection available to them in case of natural disasters.

The current Crop Insurance Program does not provide farmers with the protection they need. The lack of participation in the program shows us that. Nationally the participation rate is under 25 percent, and in the State of Maryland it is only 3 percent. Participation will no doubt be higher this year, but only because the drought relief bill passed by Congress last year requires some farmers to participate.

The Mikulski bill does two things: it strengthens the level of protection offered to farmers by providing for adjustments in the methods by which price elections and yields are calculated, and it improves the flow of information to farmers by requiring FCIC to train and certify insurance sales agents and by providing access to information about the program through ASC offices.

I strongly believe we can increase participation in the Crop Insurance Program by improving farmer access to the program and offering farmers a product strong enough to see them through the hard times of natural disaster. I look forward to working with the members of the Senate Agriculture Committee in the coming months as they examine this issue and as they examine the findings of the Federal Crop Insurance Task Force due out later this year.

Mr. President, the 1988 drought was of uncommon national proportions, prompting Congress to respond to that specific event. But farmers will tell you that natural disasters often occur on a regional basis and do not prompt emergency legislation by Congress. Maryland farmers have suffered through 3 years of serious drought. Adequate crop insurance will provide farmers with the security they need to guard against any unforeseen acts of nature.

Mr. President, I ask unanimous consent that the full text of the bill be inserted in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD as follows:

S. 739

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Crop Insurance Revitalization Act of 1989".

SEC. 2 YIELD DETERMINATIONS; PRICE ELECTIONS.

Subsection (a) of section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended to read as follows:

"(a)(1) If sufficient actuarial data are available, as determined by the Board, to insure producers of agricultural commodities grown in the United States under any plan or plans of insurance determined by the Board to be adapted to the agricultural commodity involved.

"(2) Such insurance shall be against loss of the insured commodity due to unavoidable causes, including drought, flood, hail, wind, frost, winterkill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board.

"(3) Except in the case of tobacco, insurance shall not extend beyond the period the insured commodity is in the field. For purpose of the foregoing sentence, in the case of aquacultural species, the term 'field' means the environment in which the commodity is produced.

"(4)(A) Any insurance offered against loss in yield shall make available to producers protection against loss in yield that covers 75 percent of the recorded or appraised average yield of the commodity on the insured farm for a representative period (subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, that are subject to the same conditions, may be fair and just).

"(B) In addition, the Corporation shall make available to producers lesser levels of yield coverage, including a level of coverage at 50 percent of the recorded or appraised average yield, as adjusted.

"(C) For the purpose of determining the recorded or appraised average yield of a community on an insured farm for a representative period under this paragraph, a producer may elect to require the Corporation to—

"(i) exclude a crop year from such period, if a disaster occurred during such crop year and the farm is located in a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of such disaster;

"(ii) base a yield for a crop year on—

"(I) the farm program payment yield established for the farm under section 506 of the Agricultural Act of 1949 (7 U.S.C. 1466) or a successor provision of law; or

"(II) the yield as determined in accordance with the actual production history method used under this Act;

"(iii) base yield loss determinations on units of a farm, such as fields or tracts; and

"(iv) in the case of soybeans, base yield loss determinations separately for full-season and double-crop soybeans.

"(D) For the purpose of determining the recorded or appraised average yield of a commodity on an insured farm for a representative period under this paragraph, the Corporation shall rely on crop yield data collected for the farm by the Secretary of Agriculture under section 506 of the Agricultural Act of 1949 (7 U.S.C. 1466) or a successor provision of law, if such data is available for the farm.

"(5)(A) One of the price elections offered shall approximate (but be not less than 90 percent of) the projected market price for the commodity involved, as determined by the Board.

"(B) When determining the highest price election, the Corporation shall use the average State market price, as determined by the appropriate State agency.

"(6)(A) Insurance provided under this subsection shall not cover losses due to—

"(i) the neglect or malfeasance of the producer;

"(ii) the failure of the producer to reseed to the same crop in areas and under circumstances where it is customary to so reseed; or

"(iii) the failure of the producer to follow established good farming practices.

"(B) The Board may limit or refuse insurance in any county or area, or on any farm, on the basis of the insurance risk involved.

"(C) Insurance shall not be provided on any agricultural commodity in any country in which the Board determines that the income from such commodity constitutes an unimportant part of the total agricultural income of the county, except that insurance may be provided for producers on farms situated in a local producing area bordering on a county with a crop-insurance program.

"(7) The Corporation shall report annually to the Congress the results of its operations as to each commodity insured.".

SEC. 3. AVAILABILITY OF CROP INSURANCE.

Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended by adding at the end thereof the following new subsection:

"(j)(1) To provide the Secretary of Agriculture with current and complete information on all aspects of Federal crop insurance for distribution to producers through local offices of the Agricultural Stabilization and Conservation Service.

"(2) To provide training to agents selling Federal crop insurance and to certify that agents have completed such training.

"(3) To provide the Secretary of Agriculture with a listing of all certified agents for agent referral to producers through local offices of the Agricultural Stabilization and Conservation Service.

"(4) To conduct periodic evaluations of private insurers who sell Federal crop insurance for financial stability, information accuracy, and integrity.".●

By Mr. KOHL:

S. 740. A bill to amend the Federal Salary Act of 1967 to provide that the recommendations for increases in the rates of pay for active Federal judges and Justices shall take effect, unless separately disapproved by the enactment of a joint resolution; to the Committee on Governmental Affairs.

SALARY INCREASES FOR FEDERAL JUDGES AND JUSTICES

Mr. KOHL. Mr. President, I rise today to introduce legislation to decouple the pay raises of Federal judges from those of Congress and senior level executive branch officials. My bill will allow our Federal judges and Justices to receive pay raises in the future, based on the recommendations of the Quadrennial Pay Commission, regardless of whether or not we in Congress vote to rescind our own salary increases. Specifically, my bill requires a separate vote by Congress to prevent judges' pay raises from taking effect.

For too many years, Congress has refused to take the political heat from accepting a pay raise, holding judicial salaries hostage in the process. Since passage of the Federal Salary Act of 1967, which created the Quadrennial Pay Commission, judicial salaries have been cleverly linked to congressional salaries, as well as those of Cabinet secretaries and agency heads. The message from Congress to Federal jurists was clear: "If we don't get a pay raise, you don't get one either." That message continues to echo throughout the halls of Congress, as we witnessed in the recent debate over the Commission's recommendations for salary increases.

This congressional scheme of hiding behind judicial robes has created a tremendous financial gulf between Federal judges and the lawyers who come before them. The likelihood that this salary gap will only get worse is driving some of our best jurists from the Federal bench and making it increasingly difficult to attract top—quality replacements. Such a talent drain threatens the quality of American justice at a time when our already overburdened courts need our best and most experienced legal minds.

The differential between private and public salaries in the judicial arena is dramatic. While a Federal district judge earns only $89,500 a year, senior partners in top law firms can earn well over $1 million a year—more than 10 times the salary of the judges who hear their cases. In fact, many of these same law firms pay their starting associates more than Federal judges with decades of experience.

The sad truth is that the real income of Federal judges actually has fallen by more than 30 percent over the last 20 years. As a result, many hard—working judges are leaving the Federal bench for greener pastures in the private sector.

Last month, Chief Justice William Rehnquist said this widening salary gap and eroding purchasing power "poses the most serious threat to the future of the judiciary and its continued operations that I have observed during my lifetime." I agree.

The numbers offer their own warning. Between 1960 and 1970, only three Federal judges resigned. But in the past 10 years, at least 40 judges have left the bench, many citing inadequate compensation as the reason. And a recent American Bar Association study estimates that more than one-fourth of the Nation's Federal judges may quit their jobs early.

While this exodus grows, it is becoming increasingly difficult to attract the best and the brightest to Federal judicial service. Judicial candidates can clearly see the ink fading on their checkbooks. Many say they want to serve the public, but they can't afford it.

The solution to this problem is simple. For the short term, Congress must quickly pass an immediate salary increase for Federal judges. But for the long term, we have to change the system by which salary increases are considered. Specifically, Congress must decouple the salaries of Federal judges and those of Congress to ensure that this hostage situation will not be repeated.

We in Congress now have the opportunity to show our commitment to fairness. We must recognize the mistake Congress made 20 years ago when it tied its own salary increases to those of Federal judges. This backdoor way of securing congressional pay raises hasn't worked: Nobody received a salary increase following the latest Quadrennial Commission recommendations. Therefore, it is imperative that we free the hostages, the Nation's Federal judges, to insure the continued high quality of America's judicial system.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 740

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 225(i) of the Federal Salary Act of 1967 (2 U.S.C. 359) is amended to read as follows:

"(i) EFFECTIVE DATE OF PRESIDENTIAL RECOMMENDATIONS.—(1)(A) Except for the recommendations relating to active judges and justices appointed pursuant to Article III of the Constitution of the United States (which shall be subject to the provisions of paragraph (2)), the recommendations of the President which are transmitted to the Congress pursuant to subsection (h) of this section shall be effective as provided in subparagraph (B) of this paragraph, unless any such recommendation is disapproved by a joint resolution agreed to by the Congress not later than the last day of the 30-day period which begins on the date on which such recommendations are transmitted to the Congress.

"(B) The effective date of the rate or rates of pay which take effect for an office or position under subparagraph (A) of this paragraph shall be the first day of the first pay period which begins for such office or position after the end of the 30-day period described in subparagraph (A).

"(2)(A) The recommendations of the President relating to the rates of pay of active judges and justices appointed pursuant to Article III of the Constitution of the United States to whom the provisions of section 371(b) of title 28, United States Code, do not apply, which are transmitted to the Congress under subsection (h) of this section shall become effective as provided in subparagraph (B) of this paragraph, unless any such recommendation is disapproved by a joint resolution (separate from any joint resolution of disapproval introduced pursuant to paragraph (1)) agreed to by the Congress not later than the last day of the 30-day period which begins on the date of which such recommendations are transmitted to the Congress.

"(B) The effective date of the rate or rates of pay which take effect for an office or position under subparagraph (A) of this paragraph shall be the first day of the first pay period which begins for such office or position after the end of the 30-day period described in subparagraph (A).".

By Mr. LAUTENBERG (for himself, Mr. LEVIN, and Mr. PELL):

S. 741. A bill to require the Secretary of Labor to identify labor shortages and develop a plan to reduce such shortages, and for other purposes; to the Committee on Labor and Human Resources.

LABOR SHORTAGE REDUCTION ACT

● Mr. LAUTENBERG. Mr. President, today I am introducing a bill that would require the Department of Labor to identify labor shortages and plan for their reduction.

Mr. President, a recent survey of employers in New Jersey indicated that labor shortages are becoming a very serious problem. While businesses are unable to find trained nurses, restaurant workers, and x-ray technicians, our urban areas have a surplus of untrained workers. According to a survey conducted by the American Society for Personnel Administration, this problem is not limited to New Jersey. Almost two-thirds of respondents to that survey are having problems finding technical employees.

Since industrialization of the U.S. economy, as the business cycle peaks, numerous labor shortages are typically reported. These shortages limit economic growth, increase inflation, and hurt the U.S. competitive position in the world economy. Today, this situation is made even more serious by demographic trends which promise the slowest labor force growth since the 1930s. A further complication is the fact that our work force is becoming

older, more disadvantaged, and more female. Many of the new jobs demand much higher skill levels. This combination of events increases the chances that those workers who are available may not have the skills required by open jobs. Our new Secretary of Labor has highlighted the Hudson Institute estimate that three-fourths of the new workers will have only limited verbal and writing skills, suited only to about 40 percent of the new jobs.

If labor shortages and skills gaps are clearly identified, business and government can take steps to correct the problem. For example, employers and job placement agencies may intensify recruitment; career counseling and testing may guide potential jobseekers into shortage occupations; education and training for available jobs may be accelerated; curriculums may be enhanced; scholarships may be offered; jobs may be restructured; and immigration may be channeled into shortage occupations. Although significant resources are expended each year to generate statistics and descriptive information about the U.S. labor market, there is no Government program to identify labor shortages. Consequently, we have been slow to respond to the impending labor shortage, which can disrupt our economic growth and reduce our competitiveness.

Mr. President, this bill would begin to fill this serious information gap so that the Nation can more effectively deal with its skills gap. Let me summarize the bill. First, it would require the Department of Labor to use available data bases to identify national labor shortages. Research funded by the Department of Labor in 1982 appears to demonstrate that existing date can be used to better define national labor shortages. Thus it would not be necessary to impose new reporting requirements on the business community to develop useful labor shortage reports. For example, research at the University of Michigan identified the nursing and lab technician shortage of today back in 1982. Perhaps if we had heeded that information then, the disruptive labor shortages now plaguing many of our hospitals could have been minimized, or possibly avoided altogether.

The bill would require the Department of Labor to annually publish a list of national labor shortages. To the extent feasible, that list would include information on the intensity of each shortage, and information on industrial and geographic concentration, wages, entry requirements, and job content. Such information could guide career decisions by students and job applicants, and promote better planning by private and public employers and agencies.

Under the bill, the Department of Labor would prepare and submit to Congress an annual plan to address the labor shortages identified. The plan would include steps to be taken by the Department as well as recommendations for the Congress, States, and other agencies and interested parties. That plan could encompass enhanced recruitment, counseling and testing, education and training, curriculum development, scholarships, equal employment opportunity, job restructuring, and automation.

Lastly, the bill would direct the Department of Labor to conduct research and develop better tools for identifying shortages, and to do so by region, State, and local area. Progress of such research and development work would be reported to the Congress concurrently with issuance of the annual list of national labor shortages. The bill authorizes $2,500,000 for that work in 1990, and $500,000 thereafter to maintain this initiative.

Mr. President, according to the Department of Labor funded study Workforce 2000:

> The workers who will join the labor force between now and the year 2000 are not well matched to the jobs that the economy is creating. A gap is emerging between the relatively low education and skills of new workers (many of whom are disadvantaged) and the advancing skill requirements of the new economy.

But the resulting labor shortages are not waiting until the year 2000. According to employers in Princeton, Boston, Washington, DC, Los Angeles, Atlanta, and Greensboro, they are upon us. If we ignore this fact, we are inviting an end to the current economic expansion, increased inflation, and further deterioration of our competitive position in the world economy. If we recognize and define shortages, we can take steps to avoid their negative impact. In fact, we can use them as economic justification to accelerate the education, training, and employment of our urban unemployed.

This bill provides a reasonable approach to a serious problem. I urge my colleagues to support this bill.

I ask unanimous consent that the text of the bill and certain related material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 741

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1 SHORT TITLE.

This Act may be cited as the "Labor Shortage Reduction Act of 1989".

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) LABOR SHORTAGE.—The term "labor shortage" means a situation in which, in a particular occupation, the amount of labor supplied is less than the amount of labor demanded by employers.

(2) SECRETARY.—The term "Secretary" means the Secretary of Labor.

SEC. 3. IDENTIFICATION, PUBLICATION, AND REDUCTION OF LABOR SHORTAGES.

(a) IDENTIFICATION OF LABOR SHORTAGES.—

(1) METHODOLOGY.—The Secretary shall develop a methodology to utilize available data bases to annually identify national labor shortages.

(2) LABOR SHORTAGE DESCRIPTION.—As part of the identification of national labor shortages under paragraph (1), the Secretary shall, to the extent feasible, develop information on—

(A) the intensity of each labor shortage;

(B) the supply and demand of workers in occupations affected by the shortage;

(C) industrial and geographic concentration of the shortage;

(D) wages for occupations affected by the shortage;

(E) entry requirements for occupations affected by the shortage; and

(F) job content for occupations affected by the shortage.

(b) PUBLICATION OF NATIONAL LABOR SHORTAGES.—

(1) IN GENERAL.—Not later than the date that is 18 months after the date of enactment of this Act, and each year thereafter, the Secretary shall publish a list of national labor shortages as determined under subsection (a).

(2) DISTRIBUTION OF PUBLICATION.—The Secretary shall provide the list referred to in paragraph (1) and related information to—

(A) students and job applicants;

(B) vocational educators;

(C) employers;

(D) labor unions;

(E) guidance counselors;

(F) administrators of progarms established under the Job Training and Partnership Act (29 U.S.C. 1501 et seq.)

(G) job placement agencies;

(H) appropriate Federal and State agencies; and

(I) other interested parties and agencies.

(3) MEANS OF DISTRIBUTION.—In making the distribution referred to in paragraph (2), the Secretary shall use various means of distribution methods, including appropriate electronic means such as the Interstate Job Bank.

(c) DEVELOPMENT OF DATABASES.—

(1) RESEARCH.—The Secretary shall conduct research and develop databases to—

(A) improve the accuracy of the methodology referred to in subsection (a); and

(B) make recommendations to identify labor shortages by region, state, and local areas.

(2) REPORT TO CONGRESS.—

(A) IN GENERAL.—The Secretary shall report the progress of the research and development conducted under paragraph (1) to Congress at the same time the Secretary issues the annual publication under subsection (b).

(B) CONTENT OF REPORT.—The report referred to in subparagraph (A) shall specify steps taken under the Job Training and Partnership Act (29 U.S.C. 1501 et. seq.) and by government employment services to reduce national labor shortages that have been identified under subsection (a).

(d) ANNUAL PLAN.—

(1) IN GENERAL.—After the Secretary identifies labor shortages under subsection (a), the Secretary shall prepare and submit to Congress an annual plan that specifies actions to be taken by the Secretary to reduce labor shortages and recommends action for—

(A) Congress;

(B) Federal agencies;
(C) States;
(D) employers;
(E) labor unions;
(F) job applicants;
(G) students;
(H) career counselors; and
(I) other appropriate parties.

(2) ACTIONS SPECIFIED IN REPORT.—The actions referred to in paragraph (1) may include—

(A) assisting recruitment efforts of job placement agencies for occupations experiencing a labor shortage;

(B) providing career counseling and testing to guide potential employees into occupations experiencing a labor shortage;

(C) accelerating education and training in occupations experiencing a labor shortage;

(D) offering incentives to increase Federally-funded training in occupations experiencing a labor shortage;

(E) enhancing education and training curriculums for occupations experiencing a labor shortage;

(F) offering monetary incentives, such as tuition scholarships, to attract employees to occupations experiencing a labor shortage;

(G) intensifying equal opportunity employment activities;

(H) providing housing and transportation to attract employees to occupations experiencing a labor shortage;

(I) restructuring jobs to reduce labor requirements or to attract employees to occupations experiencing a labor shortage, or both;

(J) increasing automation to provide needed services to employers; and

(K) targeting immigration to provide more employees for occupations suffering from a labor shortage.

SEC. 4. AUTHORIZATION OF APPROPRIATION.

There are authorized to be appropriated to carry out this Act $2,500,000 for the first fiscal year beginning after the date of enactment of this Act and $500,000 for each fiscal year thereafter.

[From the National Journal, Mar. 25, 1989]

HELP WANTED, BADLY

(By Kirk Victor)

When Robert T. Giaimo opened the American Cafe restaurant in the upscale Georgetown section of Washington 13 years ago, his approach to attracting a staff was straightforward: He took out a newspaper advertisement and was swamped with eager applicants. The business flourished, and several years ago, he sold it for what he called "a very tidy profit."

Not content to stay out of restaurant work, Giaimo recently launched a new venture—the Silver Diner, in a Washington suburb. It has received favorable press notices, and the ever-optimistic entrepreneur is predicting that the diner will become one of the highest-grossing restaurants in town.

There is, however, a startling difference between this latest and his earlier experience: Qualified workers are now scarcer than customers.

"It used to be that the resources limiting a business's growth were either financial or marketing [and attracting] customers," Giaimo said. "Today, the limiting resource is employees."

Instead of sitting and waiting for workers, Giaimo has had to aggressively recruit them. He has targeted local college campuses, placed ads on radio and even offered "bounties" of several hundred dollars to employees who enlist new workers. Despite his having already spent $50,000-$100,000 on recruitment, Giaimo said, the diner has attracted only three-fourths of a staff that is projected to top 150, despite what he believes to be good wages, with some kitchen workers earning more than $7 an hour.

"The service industry is in a crisis," he said. "No one has enough people. What I'm describing is typical across the country."

Indeed, an increasing clamor for labor is being heard from businesses in many communities, particularly in the Northeast. A recent Labor Department report, while noting that data on the magnitude of the labor shortages are slippery, asserted that "economic and demographic data strongly suggest that this is an issue that is not going away."

In light of plentiful anecdotal evidence about labor shortages, government officials, academics and lobbyists are scrambling to get a fix on the issue.

Their concern is heightened by dramatic demographic changes in the work force. Between now and the turn of the century, the population and the labor force will grow more slowly than at any time since the 1930s, according to a study by the Indianapolis-based Hudson Institute conducted with a grant from the Labor Department. The average age of the work force will jump from 35 to 39 in the next decade.

Moreover, groups that have not traditionally been in the economic mainstream—nonwhites, women and immigrants—will make up more than 80 per cent of entrants to the work force from now until the year 2000, with employment projected to increase by 19 per cent, according to the Labor Department.

The combination of fewer workers and more jobs is already having an impact on some sectors of the economy. Help-wanted signs dot suburban malls, and there are tales of recruitment efforts that extend as far away as China in pursuit of workers technically trained in such fields as nursing and engineering. Jobs demanding proficiency in computers—from word processing to data input—have also gone wanting.

* * * Not only will that traditional labor supply be dwindling, there will also be more competition to sign up the existing workers. In addition, they may be hit with a higher minimum wage if Congress enacts a proposal now actively being considered. For enterprises of fewer than 100 employees—the group responsible for a disproportionate share of the country's job creation in the 1980s—labor shortages may be particularly threatening.

Policy makers disagree about the magnitude of the problem, or, indeed, whether there is a problem at all. On the one hand, tales of shortages are "warning signs," Sen. Edward M. Kennedy, D-Mass., chairman of the Labor and Human Resources Committee, said in January as he opened two days of hearings on the issue. "Unless we act now, America will soon be without enough hands on deck to get the work of America done."

David Lewin, a business professor at Columbia University, said in a recent interview: "We're entering a period of deep and sustained labor shortages. A measure of that is the rapidly rising entry-level pay rates in retail, trade and fast-food [industries]."

On the other hand, other observers believe that the idea of a labor shortage is misleading, that what the country is experiencing is nothing more than a blip on the radar screen—in economic terms, a "disequilibrium," which the marketplace will correct.

* * * * *

Echoing that cautious approach, Lauri J. Bassi, deputy director of the Labor Department's Commission on Workforce Quality and Labor Market Efficiency, called labor shortages a "temporary phenomenon" in which employers "can't find workers with the skills they need at wages they are accustomed to paying."

Indeed, labor shortages are often exacerbated by a mismatch between the increasing level of sophistication required in the workplace and the declining skill level of the work force.

This aspect of the problem was highlighed by Labor Secretary Elizabeth H. Dole during the Senate Labor Committee's January hearings. She noted that 900,000 high school students drop out annually, and the rate is close to 50 percent in some inner cities. Even those who remain in school are not necessarily being prepared for future jobs, because nearly 25 percent of recent high school graduates read below the eighth grade level, she said.

"We must act now if we are to avoid the haunting possibility of a permanent underclass of 'unemployables,' concentrated in poor, inner-city neighborhoods afflicted by drugs and crime and isolated from the nation's economic and social mainstream," Dole said.

Michael A. Fritz, vice president of Rugg Manufacturing Lumber Co. in Northampton, Mass., which has experienced labor shortages in its two lumberyards, sees that problem as particularlly acute. "You can see it on job applications alone—people are barely able to spell and fill the form out," he said. "There's always been some of that, but I've detected an increase over the last three years."

Ronald A. Sarasin, director of government relations for the National Restaurant Association, also bemoaned the trend. * * *

Roger D. Semerad, senior vice president of the American Express Co. and an assistant Labor secretary during the Reagan Administration, said that businesses increasingly are recognizing deficiencies in the work force as "their biggest problem. There's the budget deficit and the trade deficit, but the greatest deficit of all is the human capital deficit. We have an arrogance that everything will work out—that markets will take care ot it." Semerad continued. "If there is a diminished supply of people, technology can only do so much."

A WORKERS' MARKET

The unhappy picture of a shrinking labor supply is thrown into sharpest relief by the fact that between now and the turn of the century, there will be a decline of about 737,000 workers in the 16-24-year-old category, a drop of about 3.2 percent, according to the Labor Department's Bureau of Labor Statistics. The labor supply will also be reduced by the effects of the 1986 Immigration Reform and Control Act, which imposed sanctions on employers for hiring undocumented workers and reserved a generous number of visas for family-member immigrants as opposed to those entering the country with needed professional skills.

"To the extent there are labor shortages, they will be driven in large part by changing demographics," the Labor Department's Bassi observed. "There will be fewer young people, and young people are the ones that small business has relied upon as entry-level workers."

For most small businesses, these changes will force some new working assumptions. Not only will there be fewer young workers, but fewer native white males, who will constitute only 15 percent of the entrants to the labor force at the turn of the century, down from 47 percent in 1987. Indeed, almost two-thirds of the new workers will be women, a fact that may result in increasing demands for maternity leave, day care services and more-flexible work schedules.

Congress is currently considering proposals to require that such benefits be provided by employers, and lobbyists for small businesses are leading the charge against those proposals on the ground that they are too costly for many companies.

The most immediate result of the demographic changes will be a fierce battle between all businesses for workers, who will find themselves in a position to command higher wages and benefits. "Years ago, you didn't have a dishwasher ask about his benefits," and Deborah L. Siday, the Silver Diner's human resources director. "Now, it's one of the first things they ask."

To respond to the shortages of qualified applicants, businesses are spending an estimated $30 billion on training and, in some cases, even remedial education. "The ante is up at the entry level—businesses can't just put [employees] on a job and expect them to learn," said Anthony P. Carnevale, vice president and chief economist of the Alexandria (Va).-Based American Society for Training and Development. "By our measures, when we survey American employers, about 40 percent say that they are teaching things that ought to have been taught in school."

Old methods of recruiting and retaining a capable work force will have to be jettisoned, as Giarimo recently discovered in his search for restaurant workers. "The demographic one-two punch created by the baby boom followed by the baby bust can be accommodated but not prevented or altered." Martin Geller and David Nee wrote in a recent book, *From Baby Boom to Baby Bust* (Addison-Wesley Publishing Co. Inc.). "American corporations and American assumptions about doing business need to be adjusted now. Businesses that don't adjust will be washed away, along with the way of life they have helped to provide."

What may be an uncomfortable period of adjustment for employers, however, may be a boon to the unemployed. For example, all businesses, but particularly the smaller ones that lack the capital of their corporate competitors, will have to seek ways to increase worker productivity and look to nontraditional sources of employees. That such shifts are already occurring is made clear in a current McDonald's television commercial featuring a new "crew kid" who turns out to be a graying retiree returning to work.

New work opportunities for retirees are not the only dividend that labor shortages will produce. Businesses will no longer be able to ignore the underclass in their search for labor.

"Tighter labor markets are good for U.S. working men and women because issues once defined as social problems will have to be dealt with out of economic necessity," Dole said in her January testimony. In this environment, employers will have a "greater incentive to reach out" to disadvantaged groups as well as to provide a safer workplace and "address workers' obligations to their families." Those employers who fail to make such changes "will simply lose out to employers who do," she added.

SMALLNESS MAY HURT

Although all employers will have to make adjustments, there is evidence that small businesses, because they generally offer lower wages and fewer opportunities for promotions than their larger competitors do, may be at a disadvantage as the work force shrinks and the battle for workers intensifies.

"There will be more-intense bidding for experienced, skilled workers and highly technically competent workers," said Frank S. Swain, chief counsel for advocacy of the Small Business Administration (SBA). "Larger firms, with deeper pockets, will be in a position to outbid smaller firms."

"It gets to be a very competitive game—it's like an auction, and the guy with the big bucks can take it," agreed Audrey Freedman of the New York City-based Conference Board Inc., a business-sponsored research organization. "The smaller guy gets no choice at all. It's already happening."

Not everyone shares that pessimism for small business, however. William B. Johnston, co-author of the Hudson Institute study, noted that "small business is quicker on its feet—it's filled with innovations." He predicts that small companies will rely more heavily on automation and other labor-saving devices.

"It's not clear at all that small businesses will be significantly undermined by operating in a labor-shortage environment," he asserted. "It has always had less money and less resources to draw on."

Even so, there is new concern among some who represent the small-business community in Washington about the fallout likely to result from changes in the work force. The National Federation of Independent Business (NFIB), for example, the country's largest advocacy group for small-business interests, recently devoted a daylong conference in Washington to exploring the implications of the "coming labor shortage."

Although NFIB president John F. Sloan Jr. offered several alternatives for small-business owners—from providing more training to pursuing hitherto untapped sources of labor such as the elderly—he readily acknowledged that not all small enterprises will survive the shakeout. "Some smaller employers can expect to be frozen out—they simply won't be able to obtain employees at wages they can pay," he said. "The start-up rate [for small businesses] will fall, with unknown consequences for innovation and new technology."

In light of these increasing difficulties, Sloan and other business advocates are particularly adamant in their opposition to congressional proposals to require employers to provide their employees with such benefits as health care coverage and parental and disability leave. Such initiatives are seen as imposing costs that will further limit the ability of small companies to remain competitive and will constrict their flexibility to tailor a benefits package to their own circumstances.

"The market economics of labor are turning very quickly," the SBA's Swain said. "Employers are seeing labor costs go up because of market forces, and they don't want to see the government accelerating the increasing costs."

Authors Geller and Nee speculate that large, established organizations, which already provide many such benefits, may actually seek enactment of mandated benefits legislation as a way to reduce the flexibility and competitiveness of smaller enterprises.

Business lobbyists are quick to deny that such a strategy exists. "Ninety-nine percent of companies—large and small—would be opposed to the government dictating the specifics of what a business should offer," said Pete Lunnie, director of employee relations at the National Association of Manufacturers.

Nevertheless, some analysts believe that it is the small-business community that is sending the wrong signal on the mandated benefits issue. Their "knee-jerk" reaction against the legislation fails to take into acount certain changes that have occurred recently in the attitude of big business toward recruitment, according to Lawrence C. Brown Jr., president of the Washington-based 70001 Training and Employment Institute, a nonprofit organization seeking to improve employment prospects for disadvantaged youth.

"There had been a certain arrogance on the part of large employers about their ability to attract labor," he said. "Over the last 18 months, that arrogance has been rapidly disappearing, and there has been a willingness to employ creative methods of attracting, training and retaining entry-level employment."

Brown's message is that the nationwide small-business community and its Washington lobbyists would be well advised to pay greater attention to the sorts of tactics being used by larger companies to stay competitive in attracting workers.

COPING

Regardless of the tactics being used inside the Capital Beltway, around the country it is increasingly apparent that small businesses have already recognized the need to provide greater flexibility to their workers, even when it means departing from some long-standing practices.

For example, Rugg Manufacturing Lumber, the family-run operation of about 100 employees that opened its doors in central Massachusetts in 1842, is so desperate for qualified workers that for the first time, it has begun hiring part-timers. "We are also trying to schedule to different sets of hours to accommodate people with younger children who couldn't be in so early," company vice president Fritz explained.

Fritz acknowledged that the changes are "difficult to cope with" because "the hours [part-timers] work don't always coincide with our peak demand," but he is also resigned to the fact that "experienced and knowledgeable people are hard to come by for a small business like ours."

Fritz said Rugg "will even try to steal somebody from another company," although he said that such efforts were "not done on a regular basis. . . . We try to keep our ears close to the ground, and if somebody is dissatisfied, we ask [whether he would like to join us]," he explained. "We don't try to actively sabotage our competition."

Earl H. Hess, a chemist who started Lancaster Laboratories Inc. in 1961, has also been a victim of a tight labor market, this one in Pennsylvania. He tried to add about 75 employees a year to his $12.5 million business. "We go after people in a positive sense," he said as he ticked off the various benefits, including day care services and a profit-sharing plan, that his company offers. His work force, which is 62 percent female, has an average age of 32, and half the employees have college degrees.

But in the past year, he never had fewer than 30 vacancies—as of early March, 40

slots were open. To attract new workers, Hess said, "I hold out our company as a unique place to work and allow [employees] to develop their careers . . . rather than being locked into the rigidity of a big-company business.

"In the normal case, a small business can't compete with all the bells and whistles of a large company's benefits program, but we are in a position to be innovative," he continued. For example, Hess recognized that many female employees were struggling to choose between staying home with families or pursuing careers. To ease the dilemma, Hess said, "we decided to build a child care center—before it became a political issue. He became the first employer in Lancaster County to offer on-site child care.

Unlike Hess's work force, with its highly educated chemists, the employees in Durabla Manufacturing Co., just outside Philadelphia, include tool and die workers, "who are like dinosaurs," according to the company's director of personnel, John R. Payne. "We've had a rather acute [labor shortage] problem here for the last year and a half or two years."

Durabla, which has fewer than 100 workers and does less than $10 million in business annually, makes valves for industrial application. As older workers began to retire, company officials had to explore their options. There was not a readily available source of new workers.

Payne's predecessor in personnel tried to persuade Durabla's president to move the company. Instead, Durabla officials decided to work with nearby Delaware Community College to develop a program, backed by state money, that identifies students with an interest in the manufacturing business, notifies them of any entry-level openings at the company and offers them year-and-a-half-long training courses.

At the same time, Durabla's current employees are given an expanded lunch break to upgrade their skills, and company supervisors are being "cross-trained," so that if a job opened, they would be able to step in. Though this approach has meant a loss of productivity while people are being trained, it has enabled Durabla to weather the shortages.

The range of options available to labor-hungry small businesses is perhaps best captured by Gary W. Smith, executive director of the Chester County (Pa.) Development Council. "We have a crisis here because of the severe shortage," he said. He noted that the majority of the positions in the county, which has a population of about 360,000, are in the service industry—ranging from clerical to computer work—as well as in the "hospitality industry," particularly at hotels. "Our manufacturing base is eroding because of high-priced labor," he said. "Some companies are leaving or not expanding, or threatening to go."

Despite such shortages, Smith predicted that Chester County would continue to grow rapidly and add about 37,000 new jobs by the year 2000. He also enumerated several options he believes would alleviate the shortages, including a change in immigration policy, state assistance to promote day care, more-aggressive recruitment in high schools and improving transportation to facilitate commuting for people who live in Philadelphia but work in the suburbs.

Progress has already been made on the commuter issue, as the county has embarked on a program of privatized transportation. "If we had waited for the traditional transit authority to respond, nothing would have been done for 10 years," said Mark J. Welsh, president of Accessible Services Inc., a private transport provider.

Instead of allowing that to happen, Welsh saw a business opportunity and seized it. He worked with inner-city groups to identify potential workers and located employees who needed help. Welsh then proceeded to match one to the other. He agreed to locate available workers after prospective employers said they would subsidize part of the cost of transportation.

Today, the Chester County "reverse commute" business grosses more than $250,000 annually, and Welsh is operating similar operations in a half-dozen other cities.

CALL IN THE IMMIGRANTS

While such local efforts may work on a limited scale, there is another, more straightforward answer to the labor shortage problem, according to Julian L. Simon, professor of business administration at the University of Maryland (College Park): liberalize immigration policy. "Immigrants can help the United States advance every one of its national goals in one fell swoop," he said in an interview.

"The main reason that immigrants make net contributions to the public coffers is that they tend to come when they are young, strong and vibrant, at the start of their work lives—not poor, huddled masses," Simon told the NFIB conference on labor shortages last month. "The benefits to individual small-business owners and hence to consumers are obvious—a larger supply of labor at satisfactory wages."

He lambasted the opponents of a more open-door policy on immigration, and said that such opposition was based on ignorance of the facts, nativism or the lack of strong business support. He said immigrants have a good knowledge of the labor market before they come and are more mobile than natives. Indeed, legislation has been introduced in this Congress to permit more skill-based immigration.

Sharply disagreeing with Simon's approach, Vernon M. Briggs Jr., a professor of labor economics at Cornell University's New York State School of Industrial and Labor Relations, said that policies that rely on new immigrants are looking "for an immediate quick fix by dramatically bringing in more people without looking at where they go . . . . Immigration does have a role, but it must be labor-market-oriented and should not be the first recourse."

He suggested that such short-term solutions fail to recognize an opportunity that all businesses have to help redress certain national social problems even as they battle to satisfy their labor needs. Some see it as the silver lining in the labor shortage issue.

There are many public policy planners, antipoverty activists and politicians who would prefer to see society kill two birds with one stone by meeting the needs of small businesses while rescuing poor, illiterate and desolate Americans having living tragic and dependent lives.

"My greatest fear is that we'll turn to immigration as an answer without tapping into the underutilized population," Briggs said. "An era of labor shortages is a rare chance to get rid of the underclass in our country."

[From the Wall Street Journal, Feb. 7, 1989]

LABOR LETTER: A SPECIAL NEWS REPORT ON PEOPLE AND THEIR JOBS IN OFFICES, FIELDS AND FACTORIES

Labor Shortages are getting tighter and tighter, companies say.

Among personnel managers, 43 percent had moderate to "very great" problems finding qualified executives, and 66 percent had such problems finding technical help, according to a survey of 707 respondents by the American Society for Personnel Administration. A worsening pinch is seen in the next five years, with big shortages rising from 20 to 40 percent for office help in the West, 62 to 70 percent for Northeast skilled craftsmen, and 21 to 27 percent for unskilled Midwest workers.

A lack of "hamburger wrappers in their teens will soon be followed by a shortage of skilled technicians, professionals and managers," a Midwest health-care facility official says. Higher wages are used by 58 percent of the respondents to lure workers, tuition aid by 52 percent and better health benefits by 31 percent.

(A major manufacturer's personnel chief complains that the firm ignores his warnings about future labor shortages.)

NEW JERSEY STATE AFL-CIO,
Trenton, NJ, March 8, 1989.

Hon. FRANK LAUTENBERG,
U.S. Senator: NJ; Senate Hart Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: We just wanted to write and let you know that the N.J. State AFL-CIO supports your proposal to require the U.S. Department of Labor to issue an annual listing of national labor shortages and to develop an annual plan for labor shortage reduction.

Persistent and growing labor shortages have emerged as a serious problem in New Jersey and threaten to stifle our state's unprecedented economic prosperity. It's also possible that these shortages could ultimately increase inflation and damage our nation's competitive position in the world economy.

Unless something is done to recruit and train a larger, skilled workforce in New Jersey and throughout the nation, the shortage and its consequences will continue to escalate. We see your initiative as an important step in resolving the problem, and we will lend it our full support.

Sincerely,

CHARLIE MARCIANTE.

NEW JERSEY STATE
CHAMBER OF COMMERCE,
Trenton, NJ, March 7, 1989.

Senator FRANK LAUTENBERG,
Senate Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: We have reviewed, with interest, your proposal to require the U.S. Department of Labor to identify occupations for which there will likely be labor supply shortages, issue an annual listing of geographic areas and nature of the shortages, and offer measures to be taken to alleviate shortages.

The New Jersey State Chamber of Commerce wishes to indicate its support for the proposal and encourage the introduction and passage of legislation to achieve this worthy goal.

We might offer an additional thought about the project. It would be helpful in guiding employment opportunities if the Department of Labor would also publish indicators of the kinds of jobs and geographic areas experiencing an over supply of labor.

Employers and job seekers as well as government planners could find both sets of data to be valuable.

If the State Chamber can be of assistance in furthering these goals please do not hesitate to call on us.

Sincerely,

JAMES C. MORFORD,
Vice President, Governmental Relations.

NEW JERSEY BUSINESS & INDUSTRY ASSOCIATION,
Trenton, NJ, February 23, 1989.

Hon. FRANK LAUTENBERG,
Senate Hart Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: The purpose of this letter is to express the New Jersey Business and Industry Association's support for your proposal to require the U.S. Department of Labor to issue an annual listing of labor shortages and to develop an annual plan for shortage reduction.

New Jersey is currently experiencing a critical labor shortage. In our 1989 Economic Outlook Survey, 82 percent of the respondents indicated they had experienced shortages of skilled labor over the past year. Almost 60 percent had experienced difficulty hiring clerical help and an amazing 47 percent could not find enough unskilled labor. Never in the history of our survey—now in its 30th year—has New Jersey suffered such a severe shortage of labor.

These shortages threaten to halt the State's economic expansion. In addition, labor shortages increase inflation and damage the U.S. competitive position in the world economy. Furthermore, demographic trends to the year 2000 indicate that unless action is taken now, the nation's labor shortage is likely to become much more acute.

Sincerely,

DONALD M. SCARRY,
Asst. Vice President.●

By Mr. LAUTENBERG:

S. 742. A bill to establish an Employment Education Institute; to the Committee on Labor and Human Resources.

EMPLOYMENT EDUCATION INSTITUTE ACT

● Mr. LAUTENBERG. Mr. President, today I am introducing a bill that would require the Department of Labor to establish an institute to promote public awareness of the labor market and enhance professionalism of employment, training, and vocational education staff.

Mr. President, today more than ever before Americans depend on a job. The Nation's labor force participation rate stands at a post World War II high of 66.8 percent and is predicted to increase even further to 67.8 percent by the year 2000. At that time close to 75 percent of men and 62 percent of women will be employed or looking for work. Although a job is a necessity for most men and women, Americans know little of the labor market and how it functions. In fact, recent budget cuts have decreased the availability of information on jobs and have drastically reduced the number of employment counselors to advise the jobseeking public.

The result is uninformed career decisionmaking and unwise job search strategies that lead to increases in unemployment, underemployment, and labor shortages.

Closely related to this problem of inadequate knowledge of the labor market is the difficulty that employment, training, and vocational education staffs experience attempting to obtain quality, relevant to training. These professionals need training themselves so they can analyze labor market developments and inform current and future workers. Previously established institutes, such as a national labor market information training institute have long been disbanded. While various agencies and associations have from time to time offered selected training, there is no national organization with the primary responsibility of offering a broad range of high quality training and technical assistance to employment, training, and vocational education staffs. Also, to take advantage of innovative or improved programs, such staffs require access to a central clearinghouse that publishes regular bulletins concerning the latest advances in program design and operation.

Mr. President, to address these labor market and training issues, this bill would create a U.S. Employment Education Institute. Let me summarize the bill. The Secretary of Labor, in consultation with the Secretary of Education, would select five universities to form the institute. One of the universities would coordinate institute operations, while the other four schools would be assigned specific functions. The coordinator university would serve a 5-year term and would report to an institute director, appointed by the Secretary of Labor. The other four institutions would serve 3-year terms.

The U.S. Employment Education Institute would have three basic functions. First, the institute would develop and distribute innovative materials to improve the public's knowledge of current and prospective labor market developments. Such information would be targeted at improving individual decisionmaking to reduce unemployment and underemployment and to cut labor shortages. For example, a national campaign to promote education or skills training in certain shortage occupations could be the focus of one such effort. Second, the institute would prepare and deliver training curriculums for employment, training, and vocational education practitioners. Such training would be aimed at enhancing staff competencies and professionalism and would certify course graduates.

And third, the institute would operate a national clearinghouse for innovative employment, training, and vocational education programs, and track relevant programs in other countries.

An annual base of funding for the institute—$3 million—would be provided by the Department of Labor, with these funds supplemented by tuition charges. Institute priorities would be set through a steering committee composed of selected employment, training, and vocational education agencies and associations, and organizations representing employers, students, and the unemployed.

The strength of the institute would be the store of knowledge accumulated by institute trainers and staff as they assess labor market trends and public need, develop and deliver training curriculums, and operate the employment, training, vocational education clearinghouse. While the institute would emphasize the meeting of local needs, it need not replace individual agency training initiatives. It would take advantage of the economies of scale offered by a national scope and an interdisciplinary approach.

Mr. President, with high unemployment still prevalent in our inner cities and the specter of labor shortages threatening continued economic expansion, we've got to get smarter when it comes to the U.S. labor market.

This bill establishes a vital resource to guide labor force participation in a way that would minimize unemployment, underemployment, and labor shortages. I urge my colleagues to support this bill.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 742

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Employment Education Institute Act of 1989".

SEC. 2. PURPOSE.

It is the purpose of this Act to establish an institute to promote public awareness of the labor market, and to promote professionalism among employment, training, and vocational education staff.

SEC. 3. FINDINGS.

The Congress finds that—

(1) general inability to comprehend current and prospective labor market trends has been a major contributor to uninformed career decisions and unwise job search strategies, resulting in increased unemployment, underemployment, and labor shortages;

(2) employment, training, and vocational education practitioners have experienced difficulty obtaining quality, relevant training that would allow such professionals to effectively analyze labor market developments and communicate findings and other relevant information to current and future labor force participants;

(3) there exists no national organization with the responsibility for offering a broad range of high quality training and technical assistance to employment, training, and vocational education staffs; and

(4) the clearinghouse activities established in section 455 of the Job Training Partner-

ship Act to publicize innovative and successful employment and training programs have been too limited to significantly impact the employment and training community, and do not encompass vocational education programs.

SEC. 4. ESTABLISHMENT OF THE EMPLOYMENT EDUCATION INSTITUTE.

Section 455(b) of the Job Training Partnership Act is amended to read as follows:

"(b)(1) The Secretary of Labor (hereinafter referred to as the "Secretary"), in consultation with the Secretary of Education, shall within 12 months of the date of enactment of this Act, establish an Employment Education Institute (hereinafter referred to as the "Institute") which shall—

"(A) develop and disseminate innovative materials, especially for inner city school age populations, to enhance the public's knowledge of current and prospective labor market developments, and which focus on improving individual career decisionmaking and job search strategies, thereby reducing unemployment and under-employment, and cutting labor shortages;

"(B) prepare and disseminate training curriculums for employment, training, and vocational education practitioners which focus on enhancing staff competencies and professionalism;

"(C) announce, schedule, and provide training to employment, training, and vocational education staff; and

"(D) establish and operate a national clearinghouse for innovative and successful employment, training, and vocational education programs, including—

"(i) formal outreach to identify, analyze, and evaluate various State and local employment, training, and vocational educational programs;

"(ii) publication and dissemination of a quarterly clearinghouse bulletin which summarizes the information collected by the clearinghouse; and

"(iii) tracking and reporting on relevant employment, training, and vocational education programs of other countries.

"(2) The Secretary shall, through a competitive selection process, enter into 5 grant agreements with 5 universities located in the United States to carry out the provisions of this section. Such agreements shall contain satisfactory assurances that the grant recipient will meet the requirements of this section and shall be entered into at such time and in such form as the Secretary shall prescribe.

"(3) Each university desiring a grant pursuant to this section shall submit to the Secretary a grant application at such time, in such form, and containing such information as the Secretary may prescribe. Each such application shall—

"(A) describe the activities for which assistance is sought;

"(B) include a demonstration of expertise in appropriate curriculum and labor market development, training delivery, and clearinghouse operations; and

"(C) contain such other assurances as the Secretary may reasonably require.

"(4) In carrying out the provisions of this section, the Secretary shall—

"(A) designate a Director of the Institute, who shall be a Senior Executive Service employee of the Department of Labor;

"(B) identify 1 of the 5 universities selected pursuant to paragraph 3 to serve as the coordinator of Institute operations;

"(C) assign specific functions to each of the universities selected pursuant to paragraph 3;

"(D) appoint a steering committee to represent—

"(i) employers;

"(ii) students;

"(iii) unemployed individuals; and

"(iv) employment, training, and vocational education agencies and associations;

to recommend annual Institute priorities, evaluate Institute performance, and provide suggestions for improvement.

"(5) The steering committee established pursuant to paragraph (4) shall be chaired by the Director of the Institute and shall meet at least twice annually.

"(6) Of the 5 universities selected pursuant to paragraph (3), the university selected as coordinator shall serve a 5-year term. The remaining 4 universities shall each serve 3-year terms, except, of the universities, initially selected—

"(A) 1 university shall serve for 4 years;

"(B) 2 universities shall serve for 3 years; and

"(C) 1 university shall serve for 2 years.".

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out the provisions of this Act $3,000,000 for fiscal year 1990, and $3,000,000 for each succeeding fiscal year.●

By Mr. McCONNELL:

S. 743. A bill to reduce campaign expenditures in Federal elections by providing a stable, adequate discount to Federal candidates for broadcast advertising time prior to an election; to the Committee on Commerce, Science, and Transportation.

CAMPAIGN COST REDUCTION ACT

● Mr. McCONNELL. Mr. President, yesterday's exchange on the floor regarding campaign finance was encouraging to those of us striving for effective reform of our system of financing political campaigns. It is further proof of the virtually universal belief that our present system is in need of substantial repair. It was an appropriate bipartisan prolog to my reintroduction of the Campaign Cost Reduction Act.

On the eve of hearings in the Senate Rules and Administration Committee, which will focus on the campaign finance system and the legislative remedies which have been proposed, I believe it is an appropriate time to reintroduce legislation which addresses the single largest cost component of political campaigns: broadcast advertising.

Mr. President, most of the increase we have seen in campaign spending is due to the skyrocketing cost of broadcast advertising. From 1978 to 1988, the total cost of House and Senate campaigns more than doubled, from $194 million to $450 million. In these same four election cycles, the expense for television advertising more than tripled, as the cost of television advertising eats up at least half and as much as three-quarters of all money spent in a campaign.

The legislation I am introducing today, the Campaign Cost Reduction Act of 1989, would alleviate the severe financial burden which broadcast advertising places on political campaigns. This bill would give Federal candidates nonpreemptible broadcast time for campaign advertising, at the lowest rate charged for any time in the same period, during the final weeks before an election. Thus, whatever a broadcaster charges for the least expensive type of preemptible time on a particular program will be the rate stipulated for political candidates—but the candidates will get non-preemptible time for their money.

This legislation would significantly benefit candidates and voters for whom television is their window on the electoral process. While the effect of this legislation on campaign spending would be tremendous, its effect on broadcasters would be minimal. Political advertising accounts for only three-quarters of 1 percent of broadcasters' total revenues. The lucrative Federal grant of a broadcast license certainly is worth that much. To lessen the Campaign Cost Reduction Act's effect on local broadcasters even further, I have narrowed its scope to Federal campaigns only.

The broader version of this bill, which I introduced last year, was the subject of a very favorable hearing before the Senate communications subcommittee. It set the stage for this renewed effort to address a crucial aspect of political campaigns.

Broadcast advertising is not an option for candidates, it is a political necessity. It is the only means of effectively communicating with the majority of voters. And voters have come to rely on this medium to learn about the candidates and their position on issues.

The importance of political broadcast advertising has been legally recognized for nearly 2 decades. In 1971, Congress required broadcasters to give political candidates a discount on advertising time. Since then, however, broadcasters' marketing practices and candidates' need for non-preemptible time have rendered this discount meaningless. In the meantime, broadcast advertising has become even more critical to our electoral process. Therefore it is imperative that we reexamine the issue and insure that the intent of Congress in 1971 is in fact carried out in 1989 and beyond.

The broadcast industry is unique, in that it produces no tangible goods, yet it is immensely profitable and extremely powerful. It is the single greatest source of information for Americans. It is our eye on the world, and on the political process. It is so intrinsic to our society that we brought television cameras into Congress so that Americans could view democracy in action.

Mr. President, broadcasters derive this power and profit from access to a scarce public resource, the airwaves. They are granted this access by the

Federal Government. This legislation does not deny broadcasters the opportunity to profit handsomely from this federally guaranteed resource. Instead, it merely prevents them from making windfall profits at the expense of the democratic electoral process.

The Campaign Cost Reduction Act recognizes the realities of today's political campaigns. Increasingly, Congress is acknowledging the problems in our campaign finance system. It is time we did something about it. This bill is an important step toward real campaign finance reform, and I urge its swift passage by the Congress.●

By Mr. SASSER (for himself, Mr. MOYNIHAN, and Mr. GORE):

S. 745. A bill to improve the Highway Bridge Replacement and Rehabilitation Program; to the Committee on Environment and Public Works.

NATIONAL BRIDGE IMPROVEMENT ACT

● Mr. SASSER. Mr. President, I am today introducing legislation to improve the Highway Bridge Replacement and Rehabilitation Program. It will be similar to bills I have introduced in previous Congresses.

I am particularly pleased that the distinguished senior Senator from New York, Senator MOYNIHAN, is joining as a cosponsor of this legislation. As chairman of the Subcommittee on Water Resources, Transportation and Infrastructure, his thoughts will be most valuable as this measure is debated.

On April 1, the bridge over the Hatchie River near Covington, TN, collapsed, killing eight people. It was but one more vivid example of the decay in our Nation's bridge system.

The evidence clearly indicates that the bridges in the United States are in a sorry state indeed. The Federal Bridge Program, which should be part of the solution, is part of the problem.

A report by the General Accounting Office, prepared at my request, details serious problems in the Highway Bridge Replacement and Rehabilitation Program. It points out a lack of coordination and consistency in the collection of data and in the standards that are used in assessing the condition of bridges. This makes it impossible to allocate Federal funds where they are most needed.

The end result, according to the report, is that FHWA's cost estimates are based on questionable data and each State's share of Federal funds is affected by inaccurate and incomplete reporting.

The previous administration made some cosmetic changes in the bridge program. But they didn't really get to the heart of the problem.

For that reason I was encouraged by the remarks of Transportation Secretary Skinner when he visited the site of the collapsed bridge last week. Secretary Skinner agreed that the bridge system in the United States is in a serious state of decay. I trust that this indicates a willingness on the part of the current administration to deal with this problem.

We cannot afford to ignore this situation any longer. The bridges in this country are in serious need of repair. Only a few years ago the estimate of the total cost to rebuild and rehabilitate deficient bridges was $42 billion. Today that figure is over $51 billion.

In its 1987 report to Congress, the Federal Highway Administration estimated that over 240,000 of the country's 575,000 bridges are deficient. Of those 240,000, about 220,000 are eligible for the Highway Bridge Replacement and Rehabilitation Program.

Here in Tennessee, there are 7,789 bridges which are rated as deficient. That is 39.8 percent of Tennessee's total number of 18,546 bridges in the Federal bridge inventory. Many of them are considered functionally obsolete.

Now, I realize we cannot wave a magic wand and spend all the money we would wish on the Federal Bridge Program. However, we must ensure that the money we do spend is being spent as effectively as possible. Because of the inefficiencies in the Highway Bridge Replacement and Rehabilitation Program we are not getting the most out of every dollar we spend. That is simply unacceptable when the solutions are readily available.

In these days of budget deficits, we cannot afford to spend taxpayers money inefficiently. We cannot afford to have the scarce resources of the bridge program misallocated because of incorrect or incomplete data collection.

My legislation will correct many of the problems that the GAO report identifies.

It requires the Department of Transportation to review and encourage the compliance of all Federal and State agencies with current national bridge inspection standards.

It reviews the criteria for assigning priorities for bridge repair and rehabilitation so as to better concentrate limited funding on bridges most in need of repair.

The bill also establishes procedures for the rapid completion of the national bridge inventory and provides for a public information program regarding the safety of our bridges.

Mr. President, I urge my colleagues to join with me and the distinguished Senator from New York, Mr. MOYNIHAN, in supporting this legislation. It is a practical and concrete step we can take now to reverse the increasingly critical condition of our Nation's bridges.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 745

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Bridge Improvement Act of 1989".

SEC. 2. REFERENCES AND DEFINITIONS.

(a) REFERENCES.—Except as otherwise specifically provided, whenever in this Act a reference is expressed in terms of a section or other provision, the reference shall be considered to be made to a section or other provision, respectively, of title 23, United States Code.

(b) DEFINITIONS.—For purposes of this Act—

(1) The term "Secretary" means the Secretary of Transportation.

(2) The term "bridge" means a structure on which a highway crosses over waterways, other topographical barriers, other highways, and railroads.

(3) The term "highway" shall have the meaning provided in section 101(a).

(4) The term "Federal-aid system" shall have the meaning provided in section 101(a).

(5) The term "improvement" includes replacement and rehabilitation.

(6) The term "deficient" means structurally deficient or functionally obsolete.

(7) The term "highway bridge replacement and rehabilitation program" means the highway bridge replacement and rehabilitation program established under section 144.

(8) The term "national bridge inspection standards" means the national bridge inspection standards established under section 151.

SEC. 3. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) of the more than 575,000 bridges in the United States, almost 4 out of every 10 are deficient;

(2) deficient bridges increase the potential for traffic deaths, injuries, and property damage, and add to fuel consumption, air pollution, and the cost of goods and services; and

(3) the total cost to replace and rehabilitate deficient bridges nationwide is rapidly approaching $68,000,000,000.

(b) PURPOSE.—The purpose of this Act is to make effective revisions of the highway bridge replacement and rehabilitation program in order to ensure the replacement and rehabilitation of the deficient bridges in the United States in a timely and efficient manner, the fair distribution of Federal funds within the various States for replacement and rehabilitation of bridges, and the compliance of the States with the national bridges inspection standards.

SEC. 4. BRIDGE IMPROVEMENT PROGRAM.

The Secretary shall—

(1) revise, consistent with the provisions of subsections (b) and (c) of section 144, the criteria for assignment of priorities for bridge replacement and rehabilitation under such section to concentrate Federal funding on bridges most in need of replacement and rehabilitation;

(2) establish a formal procedure for the exercise of the Secretary's discretion in selecting highway bridge replacement and rehabilitation projects for the obligation of funds under section 144(g) to ensure consid-

eration of the costs and benefits of each such project and the classification of the bridge under subsections (b) and (c) of section 144 in each such project;

(3) establish administration guidelines for the distribution of highway bridge replacement and rehabilitation apportioned funds throughout each State under section 144(j) with provisions for flexibility with respect to State administration of the apportioned funds; and

(4) monitor the distribution of highway bridge replacement and rehabilitation program apportioned funds throughout each State under section 144(j).

SEC. 5. NATIONAL BRIDGE INSPECTION STANDARDS.

(a) IN GENERAL.—The Secretary shall—

(1) review each State's compliance with the national bridge inspection standards;

(2) revise such standards—

(A) to improve inspection requirements, including decreasing the maximum time lapse between inspections;

(B) to define precisely the factors to be considered and the methods used in rating the condition of bridges; and

(C) to establish a standard for timely processing data resulting from inspections under such standards;

(3) assess the need for greater State and local government authority for inspection of bridges;

(4) encourage the States to take the actions necessary fully to comply with the national bridge inspection standards relating to posting limits on bridges and closing bridges; and

(5) ensure that all Federal agencies maintaining bridges comply with the national bridge inspection standards.

(b) PLAN OF COMPLIANCE.—(1) By no later than July 1, 1990, the Secretary shall prepare and, to the extent permitted by law, implement a plan of action designed to result in full compliance by the States and local governments with the national bridge inspection standards.

(2) In preparing the plan required by paragraph (1) of this subsection, the Secretary shall consider the imposition of penalties and other sanctions against the States and local governments not fully complying with such standards.

SEC. 6. NATIONAL BRIDGE INVENTORY.

By not later than July 1, 1990, the Secretary shall—

(1) establish procedures to ensure the rapid completion and maintenance of accurate inventories of bridges under subsections (b) and (c) of section 144; and

(2) inventory all bridges maintained by Federal agencies.

SEC. 7. PUBLIC INFORMATION.

The Secretary shall prepare a plan for a public information program with respect to the weight limits, closings, and hazards, if any, of each bridge. The Secretary shall include in such plan provisions for administration of such program by the States.

SEC. 8. REPORT TO CONGRESS.

The Secretary shall prepare and transmit to the Congress, not later than January 1, 1991, a report on the administrative actions taken under the provisions of this Act and the results of such actions. Such report shall include—

(1) recommendations for legislative action as the Secretary considers necessary to ensure that—

(A) the bridges most in need of replacement and rehabilitation are always selected for funding under the highway bridge replacement and rehabilitation program;

(B) there is a fair and equitable distribution of such funding throughout each State; and

(C) the States fully comply with the national bridge inspection standards; and

(2) the Secretary's recommendations with respect to whether the Congress should increase the maximum per centum of apportioned funds which may be expended under section 144(g) for projects to replace or rehabilitate highway bridges located on public roads, other than on a Federal-aid system.●

By Mr. SPECTER:

S. 746. A bill to implement a Federal crime control and law enforcement program and to assist States in crime control and law enforcement efforts; to the Committee on the Judiciary.

CRIME CONTROL ACT

Mr. SPECTER. Mr. President, I congratulate Attorney General Thornburgh; the new drug czar, William Bennett; and the Secretary of Housing and Urban Development, Jack Kemp, for their initiatives yesterday in undertaking a significant attack on the problems of drugs and crime in the District of Columbia, and I think it is a good start; however, only a start.

At the same time, Mr. President, I strongly urge that there must be attention directed to the rest of the United States on the problems of drugs and crime. We must not let the impression arise that more is being done for Capitol Hill in Washington, DC, because of the 535 congressional citizens, than is being done or will be done for the citizens of this country who live in the ghettos of Watts in Los Angeles, or the Bowery in New York, or the slums of north Philadelphia.

There has been a great deal of attention focused on Washington, DC, for many reasons. When a gun battle erupted recently in the presence of a distinguished U.S. Senator, it received national attention. When the homicide rate has risen in Washington, DC, and our international visitors and our national tourists have been threatened, there is a great deal of attention. There is little doubt that when this problem affects Capitol Hill's 435 Members of the House and the 100 Senators, and when Washington, DC, is under attack by the drug dealers and the drug murderers, and Cabinet officers are in danger, there is a lot of attention focused on this problem. But there is a great deal more to America than Capitol Hill.

While I applaud the initiatives for Washington, DC, and spoke out very strongly when I was chairman of the District of Columbia Subcommittee on Appropriations in 1983, 1984, 1985, and 1986 that the lead should be taken in this city, we still should not forget the rest of America and we must craft a program against drugs and against crime for the rest of the country as well.

Mr. President, the homicide rate is appalling in Washington, DC, but it is appalling in many other major cities in this country. The March 28, 1989, New York Times reports the increase in homicides this year in Washington, DC, at 55 percent. But Chicago, IL, is not far behind at 37.5 percent. Philadelphia is not far behind at 35 percent, and there are major homicide increases in Atlanta, Detroit, Dallas, Los Angeles, New Orleans, and many other cities in this country. Since that article appeared in the New York Times, the homicide rate has gone up in the city of Philadelphia.

Mr. President, I ask unanimous consent, because of the limited time, that an article from yesterday's Philadelphia Inquirer be printed in the RECORD recounting the slaying of a man in a drug-turf battle, a battle which has become very commonplace in this country.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SPECTER. Mr. President, I suggest that we really have to get serious about the problem of crime in America and the problem of drugs in America and really devote significant resources for domestic defense. This has been a subject which the Presiding Officer and I have addressed many times in our tenure in the Senate, and may the Record show, since the television cameras are probably on me and not on the distinguished Presiding Officer, Senator DECONCINI, that he nodded in the affirmative. As we used to say in court, let the record show that the distinguished Senator from Arizona was the district attorney of Tucson while I was the district attorney of Philadelphia, and we have carried our commitment and attack on the causes of crime and the crime pattern in our work in the Senate and on the Judiciary Committee.

Since the 97th Congress, Mr. President, I have introduced comprehensive legislation calling on an allocation of 1 percent of the Federal budget to attack the problems of crime. I did this first in 1981 and have repeated it in each successive Congress, sometimes at the risk of having people say, "Well, you are repeating the same old bill," but I have done so with deliberation because I believe that if we emphasize these problems enough that we can have an effect and that it is going to take repeated efforts.

That is why, Mr. President, when I was chairman of the D.C. Subcommittee that I urged the funding for a major jail for Washington, DC. I am appalled that that jail has not been constructed, even though funds were appropriated for it some 3 years ago. That is one of the items which was talked about by Dr. Bennett yesterday.

Mr. President, today I am introducing a refinement of my prior legisla-

tion designated the Crime Control Act of 1989.

Mr. President, the essence of this legislation focuses on subjects which I have addressed on the floor in the past, focuses on the need for police, for courts, for prisons and an addendum on the problem of gangs which we have to address in this country, and my reasons and my specific proposals on gangs are set forth in the text of the floor statement. Because of the limitation of time I will rely on that statement to carry the argument in favor of that issue.

Mr. President, with respect to the issue of law enforcement and police, this legislation has important provisions to increase the funds for the Bureau of Alcohol, Tobacco and Firearms, which is doing an outstanding job, and has been credited widely for enforcement of the Armed Career Criminal Act which makes it a Federal offense punishable by 15 years to life in jail for a career criminal to be caught with a firearm. In the Washington Post today a story appears describing the targeting of some of these career criminals eligible for the act who can be put in jail effectively for life. This will enormously reduce the number of crimes because studies indicate that these career criminals commit between 300 and 700 crimes a year.

Mr. President, in the limited time available I would like to focus on the subject of prisons because that truly is the present bottleneck in the criminal justice system. Although more will have to be done for law enforcement officials on the street. And more will have to be done to improve the court system by adding courtrooms and judges and prosecutors, a subject omitted in yesterdays announcement by Dr. Bennett and the others. But the most critical aspect, the most critical shortage in the criminal justice systems, constitutes the prisons. This also was noted yesterday by Dr. Bennett. It has been noted by many. It has been acted on by few, if any.

Mr. President, in this country today there are 99,764 more people in State prisons than there is space. I should not say "there," Mr. President. That is a figure from January 1, 1988. An updated statistic would place that figure I think well over 100,000.

Mr. President, today there are 10 States with their entire prison system under court orders. Mr. President, today there are 30 States which have major institutions in their State prisons under a court order. Mr. President, there are eight other States where litigation is pending to have those States placed under court order.

Beyond the States where the jails containing sentenced prisoners are placed under court order, there are major cities in this country which have institutions under court order: the District of Columbia, Philadelphia, Pittsburgh, New York City, and many, many other cities in this country have correctional institutions under court order.

This has created a problem where many convicts, dangerous convicts, are being released to the streets because there is insufficient space to hold them. For example, the "Report to the Nation on Crime and Justice," published by the Bureau of Justice Statistics of the U.S. Department of Justice points out at page 109, a March 1988 publication, that during 1985, 19 States reported nearly 19,000 early releases under one or more early release programs. Nineteen thousand convicts have been released early who should not have been released because there is insufficient jail space.

Mr. President, there are countless thousands of individuals who should be in detention today who have been released because the detention facilities are overcrowded and understaffed.

Beyond that there are many convicts who have been processed through the judicial system and the laborious process where so many are not reached for trial, where so many are not apprehended. And at the end of that long trial they are not sentenced because there is insufficient prison space for them to be incarcerated. This issue was a subject of extended hearings by the District of Columbia Subcommittee when I chaired that subcommittee and because of the brevity of time I ask unanimous consent that a brief extract of the hearings from June 11, 1986 be incorporated in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. SPECTER. Chief Judge Fred Ugast of the District of Columbia testifies that it is a fact that some are not sentenced that ought to be sentenced because of the shortage of prison space, and the chief judge of the court of appeals, Judge Pryor, confirmed Judge Ugast's testimony.

Mr. President, the scandal of insufficient jail space in the United States results in truly astounding cases like the one reported recently, February 27, out of Little Rock, AR, where a convicted murderer who was found guilty of murder in the first degree, a firearm murder in a parking lot, sentenced to 25 years in jail and released immediately because of insufficient jail space.

Mr. President, the Congress has spoken with emphatic rhetoric about the problem of drugs in America, and has appropriated substantial funds, $1.8 billion in 1986. Last year we authorized $2.7 billion and legislation which the presiding Senator and this Senator were instrumental in, and we now have to appropriate those funds. But I would suggest that unless emergency action is taken for jail space in this country that our efforts will be to little avail. This is reinforced by the sharp attack, rhetorically, by Federal officials yesterday featured prominently on the front pages of the Washington Post, the New York Times, and most or many of the other newspapers across this country, that much more needs to be done than merely to talk about drugs and crime. There are many facets of the problem which have to be addressed but none is as important as the jail problem.

Mr. President, the facts which I have put forth today which are included in my floor statement are only a beginning. This is a subject which I will return to when we have the budget resolution on the floor. This is a subject which I know President Bush is deeply concerned about as are his other leaders in the White House, a matter which I have taken up there, looking forward to some legislation which will address this issue in a very forceful way.

But I close by again complimenting the Federal officials who have taken the stand announced yesterday against drugs and crime in the District of Columbia yet to emphasize that it is a good start but only a start, the rest of America cannot be left out, it is not sufficient to address a problem because of its high visibility on Capitol Hill with the 100 of us in the Senate and the 435 in the House. Equal attention must be given to other cities throughout the country where this problem is virtually as serious.

Mr. President, to repeat, today I am introducing the Crime Control Act of 1989 to address the following issues: the proliferation of drug gangs in America, and the need for additional prison space to incarcerate career criminals, and for new programs to provide realistic rehabilitation to first and some second offenders.

This bill builds upon over 30 years' experience in related work. I have served as district attorney of Philadelphia, as a member of the National Commission on Criminal Justice Standards and Goals, and I am presently a member of the Senate Judiciary Committee and cochairman of the Congressional Crime Caucus. This bill supplements the crime package I introduced on January 25, 1989, which included S. 36, to establish constitutional procedures for imposing the death penalty for certain Federal offenses; S. 178, to allocate 1 percent of the Federal budget for a national violent crime program for fiscal year 1990; S. 180, to authorize incarceration in Federal prisons of convicts sentenced to life imprisonment under State habitual offender statutes; and S. 181, to encourage States to provide job training and basic literacy skills to certain prisoners before they are paroled. The legislation I introduce

today specifically targets the newest group of career criminals: violent, armed gang members involved in drug trafficking.

Los Angeles, CA, has an acute drug gang problem, and I directed my staff to collect data from primary sources in that particularly afflicted city. They met with officials on Federal, State, and local levels involved in law enforcement, education, and community action. Accompanying members of the Los Angeles County Sheriff's Department on routine patrols of neighborhoods where drug gangs flourish, they witnessed for themselves a very desperate situation. Their insights are incorporated into the substance of this legislation.

GANGS

Not since the 1920's has such widespread violence plagued our city streets. This lawlessness revolves around the illegal drug trade, and increasingly involves our Nation's young people. Children as young as 10 and 11 use and deal drugs. Unless we take immediate and vigorous action, we run the risk of fostering a permanent urban underclass living outside the common values of our society.

Mr. President, the escalating market for crack, a potent smokeable cocaine derivative, has transformed portions of our cities into battlegrounds where territory is violently secured and protected by both youth and adult gangs. Frequently, these gangs are organized along racial and ethnic lines, although preserving a cultural identification is less central to gang formation than it once was. Traffic in narcotics, the use of automatic and semiautomatic weapons, and indiscriminate violence, together represent a dire change in the motives behind gang organization. Names that have become all too familiar to residents of our urban areas, in particular, are Jamaican Posses, which operate mainly on the east coast; and Bloods and Crips, which are among the most violent of west coast gangs, made up mostly of black youth identified by rituals and talismans. Hispanic gangs, Pacific Asian gangs, and older gangs such as Hell's Angels, are among others that vie for pieces of the very lucrative illegal drug trade.

Nationwide, 30 to 40 Jamaican gangs with a membership totaling about 5,000 have been linked to approximately 800 murders, including more than 350 in 1987. The Los Angeles Police Department [LAPD] reports that 75 to 100 gangs, supplied by Colombian drug smugglers, are involved in cocaine distribution at the present time. And on January 1, 1989, the LAPD reported that in the Los Angeles County area there were 207 gang-related killings in the first 10 months of 1988, representing a 24.7-percent increase over the same period in 1987. In September 1988, the U.S. Justice Department's Office of Juvenile Justice and Delinquency Prevention reported that in 1987, gang violence rose 88 percent in Los Angeles. Sheriff Sherman Block, whose department patrols unincorporated areas of the county, as well as smaller cities, reported that 1,400 gang-related murders were committed in the county during the last 5 years. Innocent bystanders have paid the highest price for being merely in the vicinity of so-called drive-by shootings.

Groups calling themselves Bloods, Crips, and Jamaican Posses have recently been identified in cities throughout the Nation. Other groups—the Miami Boys, Chicago's El Rukns—also appear to be branching out to new regions. Whether this represents the rise of a nationally intertwined drug distribution network or some more informal association remains to be seen. Regardless, the trademarks of illegality—the regalia of membership, including characteristic kinds of violence—is being stamped on our Nation's youth. The problem is spreading and action is required.

In Pennsylvania, the city of Philadelphia recently has become the home of a Jamaican Posse whose members have entrenched themselves in some southwest Philadelphia neighborhoods. There is little that law-abiding residents can do to protect themselves and their children from the associated violence and other crime. The crime which inevitably accompanies illegal drug trafficking has also spread to small rural communities. On February 21, 1989, NBC News reported that in Lancaster County, noted for its Amish community, crack cocaine is bought and sold on street corners and parking lots. Traveling from Miami, or in some cases flying directly from Colombia to land at night at small, rural airports, Dominican, Cuban, and Colombian drug gangs have found in the non-Amish population a lucrative market. NBC News also reported that the nearby community of York has been infiltrated by the Los Angeles-based Crips.

During my tenure as district attorney of Philadelphia, I witnessed a precipitous rise in the number of gang-related homicides. In 1962, according to the district attorney's office, one reported death was attributable to gang warfare. By 1966, there were 14 deaths, and in 1968, there were 30. I began personally to investigate the dynamics of gang conflict. In the summer of 1968, members of my staff and I intervened in a street-corner confrontation between rival gangs in a North Philadelphia neighborhood. Working with the leaders of the Diamond Streeters and the Zulu Nation, we secured a pledge that one gang would not initiate confrontations with the other.

Building on this, my office sought funding to establish a program to continue efforts at mediation and juvenile rehabilitation. With a small grant from the Dolfinger-McMahon Foundation, we hired a representative from each rival gang to work during the summer in the family court division. Their presence gave staff members a rare opportunity to learn about the dynamics of gang membership and interaction. We used this information to launch an innovative gang control program called Safe Streets, Inc., which has received national recognition. I served as chairman of the board of this new corporation.

In 1969, I traveled to Washington, DC, to meet with newly appointed Attorney General John Mitchell to discuss obtaining Federal funding to establish one-stop comprehensive juvenile centers. We envisioned a facility that would offer educational, recreational, job referral, and attitudinal training programs and that would include professional counselors and gang members as staff. In July 1969, the Department of Justice awarded funds sufficient to operate two such centers. To maximize the use of available manpower, I decided to form a separate, nonprofit corporation to run the gang-control project. Thus, the project could function without relying upon already overburdened personnel in the district attorney's office, except when absolutely necessary.

These gang-control centers offered a variety of resources to redirect the attention of juveniles away from violence toward more constructive activities. For instance, in cooperation with the State Bureau of Employment Security and private industry, staff placed youths in appropriate jobs. Perhaps the most unique aspect of these neighborhood centers was the attitudinal training program. Experienced group counselors and gang members discussed antisocial behavior and the responsibility due to family, community, and self. Staff and board members accompanied small numbers of gang members on weekend retreats at camps and parks outside Philadelphia.

After the first year, the Safe Streets Program was awarded an amount almost double its previous grant. In February 1970, the Wall Street Journal praised the Safe Streets Program's imaginative work. A Philadelphia Bulletin editorial praised "a good balance between an attractive offer to the kids and a reorientation of them for the benefit of the city." After peaking in 1969, the number of gang-related homicides fell by one-third in 1970.

As a U.S. Senator, I have continued to work in the area of gangs and drug-related crime. During the 97th Congress, as chairman of the Judiciary Subcommittee on Juvenile Justice, I chaired a hearing on July 9, 1981, to study violent juvenile crime. And during the 99th Congress, as cochairman of the Congressional Crime

Caucus, I joined Congressman HUGHES in cochairing a hearing on violent street crime.

Mr. President, since 1970 the profile of the typical gang member has changed. Involvement in narcotics trafficking and possession and use of automatic and semiautomatic firearms are new traits. At this point, I call to the attention of my colleagues new initiatives to address gang violence.

ANTIGANG UNIT—DEPARTMENT OF JUSTICE

Mr. President, we need more Federal agents and prosecutors to arrest and convict the growing number of drug traffickers in this country. My bill would authorize an additional $20 million to the Department of Justice to establish an antigang unit within its criminal division. The Assistant Attorney General for the Criminal Division would appoint a director to work with Federal, State, and local law enforcement agencies to coordinate resources. The bill provides for 180 agents, 40 prosecutors, and appropriate support staff within the antigang unit.

GUN POSSESSION

This bill would amend 18 U.S.C. 924(c) to make possession of a firearm by drug traffickers or perpetrators of other violent crimes subject to more severe penalties.

The United States Code [18 U.S.C. 924(c)(1)] prohibits carrying or using a firearm during and in relation to a drug trafficking crime. Problems have arisen regarding this section because the terms "uses or carries" have been construed literally, resulting in the dismissal of 924(c) offenses even though defendants possessed firearms during drug related offenses. My bill would substitute the word "possesses" for the phrase "uses or carries," thereby eliminating confusion over application of existing law. This change will make justice swift and sure, a major source of deterrence.

GUN DEALERS

The legislation also would amend 18 U.S.C. 922(j) to make theft from a federally licensed gun dealer a Federal offense. This will enable Federal officials to charge suspects with the theft directly, rather than the current strained efforts to convict on the indirect charge of possessing stolen firearms or ammunition. This provision is directed in particular at Jamaican Posses, who are known to have robbed federally licensed gun dealers.

USE OF MINORS

Employed as lookouts who keep track of the movements of police, as runners who transfer crack to the street from makeshift factories, and as dealers, minors are valuable tools in the drug trade, insulating adults from arrest. They are being armed to protect territorial boundaries and the drug supplies for which they are responsible. This bill would amend title 21 of the United States Code to provide an enhanced sentence for drug dealers who employ juveniles to traffic in drugs and when such young persons posses firearms while doing so.

Increasingly, minors are used to traffic in drugs across State lines. This bill would amend title 21 of the United States Code to provide an enhanced penalty for drug dealers who employ minors in this way.

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

Because we must place more emphasis on the enforcement of our firearms laws, this bill gives significant new powers to the Treasury Department's Bureau of Alcohol, Tobacco, and Firearms, the Federal agency responsible for such enforcement. There is a number of Federal firearms offenses that have been proven effective in removing the violent criminal from the street. My Armed Career Criminal Act, for example, provides a 15-year mandatory minimum term of imprisonment for repeat violent felons and repeat drug offenders caught in possession of a firearm. Los Angeles alone has brought seven cases under this act. I am informed that many more cases could be brought if the local U.S. attorney's office had more resources.

The proposed legislation also codifies the current practice in establishing direct liaison with State and local law enforcement agencies responsible for gang investigations, to provide training, information, coordination, and other enforcement efforts to combat gang-related firearms violations. To facilitate this effort, the Bureau will be given asset forfeiture authority—meaning that it can seize assets related to drug gang activity. The legislation also will provide additional funds for the Bureau's Repeat Offender Program, which targets the armed career criminal for prosecution.

ANTIDRUG ABUSE GRANTS

In fiscal year 1989, the Justice Department's Office of Juvenile Justice and Delinquency Prevention, in conjunction with the Department of Health and Human Services, is allocating $30 million in grants to organizations and agencies involved in the prevention of youth gang activity. In light of the importance of this Federal support for local initiatives, my bill authorizes an additional $5 million to the Justice Department's Office of Justice Programs for antidrug abuse grants for State and local task forces which have developed programs coordinating the efforts of law enforcement agencies, schools, and community organizations to combat youth gang crime and drug activity.

I want to note the success of one such effort, and to propose that it serve as a model for other antidrug abuse programs. In 1980, the Los Angeles County Board of Supervisors implemented the Inter-Agency Gang Task Force, to provide a forum where public agencies fighting street gangs can exchange information. The L.A. Police Department, the county sheriff's department, the probation department, the California Youth Department, the district attorney's office, the L.A. Unified School District and community-based organizations have worked together to develop, for example, the gang reporting, evaluation, and tracking system, a computer system to assist law enforcement agencies track gang members. The task force also provides a directory of agencies and services available to counsel communities.

While some members of youth gangs become hardened criminals by early adulthood, I believe that many still have personalities impressionable and vital enough to respond to legitimate social and educational opportunities. Police and prosecutors must, of course, play a major role in the reduction of gang-related crime. But we also must allocate resources and develop programs that offer alternatives to gang life.

NATIONAL COMMISSION ON GANG INTERVENTION

The legislation I introduce today includes a provision expressing the sense of Congress calling for the President to establish a National Commission on Gang Intervention. The clear expansion of these gangs requires a national focus, one that will utilize national resources and national experts. The sharing of information from throughout the country on successful enforcement, rehabilitation, and prevention programs is essential.

ASSET FORFEITURE/NARCOTICS INVESTIGATIONS

My bill provides the Attorney General with the discretion to direct proceeds under the Department of Justice Assets Forfeiture Fund to U.S. attorneys offices for general narcotics prosecutions or specialized task forces. Under current practice, the Attorney General only may allocate assets forfeiture funds to law enforcement agencies for specified purposes such as the purchase of drugs, equipping vehicles, and the payment of awards. Presently, authority also exists for the equitable sharing of proceeds of forfeitures with State and local agencies which participate directly in the seizure of such property.

The bill I introduce today would extend the authority of the Attorney General to authorize the allocation of such funds for specific narcotics investigations and prosecution projects. This provision is necessary to enable Federal law enforcement entities involved in narcotics investigations and task forces to purchase necessary equipment and materials not currently authorized under 28 U.S.C. 524. I believe that this change is particularly warranted at a time when Federal law enforcement entities have stepped up their efforts to address burgeoning

drug trafficking and criminal drug activity.

PRISONS

PRISON CONSTRUCTION

Mr. President, the rising number of arrests of these violent gang members highlights the urgent need for the construction of additional prison space to address the already seriously overcrowded conditions on the Federal, State, and local levels.

The bill I am introducing today would authorize $250 million in additional funds to the Federal Bureau of Prisons for fiscal year 1990 to construct new Federal correctional institutions and to expand, modernize, and repair existing facilities. This provision will help alleviate a very serious problem of overcrowding in prisons, in large part exacerbated by an increase in the number of convictions for drug-related offenses.

During the 1988 election, Vice President Bush recommended a number of proposals regarding criminal justice, prison rehabilitation, and prison reform. Included within these recommendations was a proposal to increase the Federal budget for crime control, which included additional funding for prison construction. I was pleased to note that the Bush-Quayle crime fact sheet of October 6, 1988, included a proposal to double the current Federal prison budget during the next 4 years, with a provision for an additional $250 million each year to incarcerate the hardened felons and rising number of drug offenders.

Along with establishing budget priorities for anticrime and antidrug initiatives, Congress must develop a long-range strategy for allocating funds to construct prison facilities. At present there are 49,158 inmates in 51 Federal facilities; by 1995 that number could skyrocket to 84,000. The Anti-Drug Abuse Act of 1988 and other criminal justice legislation created new and enhanced penalties for drug related offenses. In 1987, the Sentencing Commission reported that by 2002, implementation of these new and repeat offender penalties, combined with new, stricter sentencing guidelines, would lead to the incarceration of 40,000 more inmates than would be expected under existing law. It is simply elementary to sound public policy to plan for prison expansion in light of the rising prison population.

As a member of the Senate Judiciary Committee, I have toured State prisons and local jails in Pennsylvania; in Philadelphia, Cambria Country, Allegheny County, Camp Hill, Lehigh County, Adams County, Franklin County and most recently, Luzerne County; and I have met with State and local officials, county commissioners and wardens throughout the State. I can personalty attest, not just as a researcher but as an eyewitness investigator, that Pennsylvania facilities—representative of State and local facilities nationwide—are seriously understaffed, underequipped, and overcrowded.

In March 1987, for example, I toured the Allegheny County Jail in Pennsylvania, an institution so egregiously overcrowed that U.S. district court Judge Maurice B. Cohill, Jr., placed a cap on its prison population. Subsequently, in November 1988, he ordered that the jail be closed by June 1990, to be replaced by a larger facility. On February 21, 1989, the Philadelphia Inquirer reported that "nearly a third of the inmates freed [in Pittsburgh] last year in compliance with [the] cap * * * skipped court or were charged with new crimes." Athough population caps are necessary to ensure that humane prison conditions are maintained, they are no long-term solution to overcrowding. They may, in fact, undermine our law enforcement efforts.

I am deeply concerned about the associated problems of prison overcrowding and prisoner rehabilitation. Convicted criminals are not being jailed, hardened criminals are released prematurely from jail, and parole violators are not returned to jail—all for lack of sufficient space. For want of staff and facilities, prisoners willing to better themselves are not given the chance. Overcrowding can foster conditions that sometimes border on the savage, which are truly antithetical to reform.

The good news is that in 5 years the Senate has moved from overwhelming rejection to overwhelming support of prison construction as a budget priority. On May 4, 1983, I offered an amendment to the First Concurrent Budget Resolution for Fiscal Year 1983 (S. Con. Res. 27) to provide $700 million over 3 years for construction of Federal prisons to house offenders sentenced under State habitual offender statutes. Most States with habitual offender statutes cannot impose the longer sentences mandated by these statutes because prisons are overcrowded. Since States do not have sufficient resources to construct the necessary facilities, Federal financial assistance is essential. But in 1983 my amendment failed by a vote of 17 to 81.

On May 17, 1984, the Senate again considered the issue. I offered an amendment to legislation pending at that time that would earmark $200 million of the nondefense discretionary spending account in fiscal year 1985 to alleviate overcrowding in Federal, State and local prison facilities. It, too, failed by a vote of 36 to 60.

But by 1988 prison overcrowding was perceived as such a clear threat to society that Congress turned around to support major construction initiatives. On April 13, 1988, I offered Amendment No. 1938 to the fiscal year 1989 Budget Resolution to transfer $125 million from Government travel allowances: $100 million would have been allocated for prison construction and $25 million for enforcement of the Armed Career Criminal Act by the Bureau of Alcohol, Tobacco and Firearms. I intended this measure to represent the first step in a comprehensive plan to provide $100 million each year for 5 years to house 16,000 career criminals—specifically, those convicted under State habitual offender statutes—in Federal prisons. The Senate passed it enthusiastically, by a vote of 76 to 18. And although it was dropped in the Senate-House budget conference, the fiscal year 1989 Commerce, Justice, State appropriations bill and the Omnibus Anti-Drug Abuse Act of 1988 did include additional funding for prison construction.

President Bush has said that prison construction is of utmost importance:

> We know that overcrowding prisons spur violence and harden convicts still further. . . . [T]he answer is not to release criminals back into the communities but to increase our efforts at rehabilitation and prison construction.

Accordingly, I urge my colleagues to support this legislation to authorize $250 million in additional funds for prison construction.

FOREIGN ASSISTANCE TRANSFERS FOR PRISON CONSTRUCTION

Mindful of constraints placed upon Government spending, I have explored novel ways of financing prison construction; for example, by transferring foreign assistance and forefeiture moneys.

Mr. President, the existing need for additional prison space in this country is clear. A provision of the bill I am introducing today is the successor of S. 1022, which I introduced in the 100th Congress. This provision would authorize the transfer of foreign assistance funds allocated to major illegal drug producing and/or trafficking countries, as determined by the State Department, which have not been certified to receive such aid, to be utilized for constructing additional prison space for serious drug offenders.

The Foreign Assistance Act of 1961, as amended, prescribes the procedures by which a country may receive foreign aid. The State Department determines whether a country is an illicit drug-producing country based on the amount of illicit drugs it produces or transports or whether it is involved in laundering drug money. When a country is designated as a major illicit drug producing or drug transit country, the President is required to withhold 50 percent of its foreign aid at the beginning of the fiscal year, and 100 percent of aid in subsequent years.

Most recently, the Anti-Drug Abuse Act of 1988 has authorized the President to use these unspent funds to

assist countries that have met their illicit drug eradication targets or that have taken other significant steps to stem illicit drug production or trafficking. While I agree that the existing law provides important incentives to cooperative nations, I think that use of these withheld funds to construct additional prison space here at home should be added as an option for the Attorney General.

CUSTOMS FORFEITURE FUNDS FOR PRISON CONSTRUCTION

Mr. President, this section of my bill includes another innovative strategy for obtaining existing funds for prison construction. The fiscal year 1988 continuing resolution (H.J. Res. 396) permits the Attorney General to transfer deposits from the Department of Justice Assets Forfeiture Fund to the Building and Facilities account of the Federal Bureau of Prisons to construct correctional institutions. This approach is consistent with a more comprehensive bill I introduced in the 99th and 100th Congresses (S. 2828 and S. 1023, respectively), to authorize the transfer of funds from both the Department of Justice Assets Forfeiture Fund and the Customs Forfeiture Fund. In accordance with the 1988 transfer provision, on October 26, 1988, Attorney General Thornburgh announced a transfer of $95.4 million for the construction of new Federal prison space. The Justice Assets Forfeiture Fund currently has approximately $500 million.

More recently, the Omnibus Anti-Drug Abuse Act of 1988 revised this language to transfer excess Justice Assets Forfeiture funds to a new Special Forfeiture Fund for use by the Director of the National Drug Control Policy (the Drug Czar) beginning in fiscal year 1990. In light of the obvious success of this approach, the bill I am introducing today would authorize the transfer of funds also from the Customs Forfeiture Fund for construction of new prison space in the Federal Prison System.

The Tariff Act of 1930 (19 U.S.C. 1607) provides that property and moneys seized or forfeited in drug-related arrests by the U.S. Customs Service are deposited in the Customs Forfeiture Fund. Money that is not currently needed for purposes specified in the applicable statutes is kept on deposit in the U.S. Treasury. Under 19 U.S.C. 1613, forfeited moneys can be used for, but not limited to, the following purposes: all proper expenses of the seizure or the prosecution of the forfeiture and sale; purchases by the U.S. Customs Service of evidence of smuggling of controlled substances or violations of the currency and foreign transaction reporting requirements; and equipment for any vessel, vehicle or aircraft available for official use by the U.S. Customs service.

Recently, the increasing number of convicted drug offenders and the consequent increase in the amount of property confiscated and monies forfeited have swelled the deposits in the Customs Forfeiture Fund, which currently has approximately $46 million. In fact, in September 1988, the Customs Service transferred approximately $27.7 million from the Customs Forfeiture Fund to the Treasury. I believe these funds would be well spent to address the dire need for new prison space. The diversion of these resources from the Customs Forfeiture Fund to the Federal Prison System would greatly assist in addressing the growing prison overcrowding crisis.

MILITARY BASES

On December 30, 1988, the Commission on Military Base Closings identified 145 military installations to be closed or realigned beginning in 1990. Under the "Defense Authorization Amendments and Base Closure and Realignment Act" (P.L. 100-526), the Secretary of Defense, in consultation with the General Services Administration and State and local officials, may dispose of these properties.

I believe that each installation should be evaluated for use as a Federal prison or homeless shelter before it is considered for any other use, and I have written to the Department of Defense in this regard. Besides creating new prison space, base conversions would provide employment for area residents.

The bill I introduce today directs the Director of the Bureau of Prisons, upon consultation with the Secretary of the Department of Defense, to determine whether facilities located on military bases recommended for closure by the Commission on Alternative Utilization of Military Facilities may be used as Federal confinement facilities. If the Director of the Bureau of Prisons determines that any facility is suitable for use as a confinement facility, the bill authorizes that the Government may utilize that facility for such purposes if the facility is accepted for closure by Congress.

REALISTIC REHABILITATION

Mr. President, besides building new jail cells, we must implement realistic rehabilitation programs for first and for some repeat offenders. It can come as no surprise when an inmate with no trade or literacy skills returns to a life of crime after release from jail. Because rehabilitation is essential to reducing the rate of recidivism, I introduced legislation in the 97th, 98th, 99th, 100th and 101st Congresses (S. 1690, S. 59, S. 1190, S. 413, and S. 181, respectively) to encourage States to provide certain prisoners with a marketable job skill and with basic literacy skills. So doing, we can help to break a vicious cycle of crime and punishment that traps many individuals.

As former chairman of the Appropriations Subcommittee on the District of Columbia, I worked to help establish a model rehabilitation program for District inmates which received over $40 million between fiscal year 1984 and fiscal year 1986. Still in its initial phase, it is proving successful. A January 1989 study conducted by the National Institute of Corrections reports a significant improvement in the quality of education and vocational programs, and improvement in their administrative structure as well.

The number of vocational programs has been expanded since 1984, with an increase in total enrollment in vocational programs from 349 in 1984 to 759 in 1988. Enrollment in apprenticeship programs has increased from 27 in 1984 to 74 in 1988. The appropriation for the D.C. program also has had a significant impact on the program's administrative structure through the creation of a computer information management system which allows the Educational Services Division to collect student information data on a systemwide basis. The National Institute of Corrections' findings also demonstrate an increase in staffing levels, as well as an enhancement in staff qualifications. The report also reflects that the number of teaching positions increased from 28 in 1982 to 68 in 1988, while funded vocational positions increased from 16 in 1982 to 40 in 1988. The report concludes that the system has the potential to offer innovative and effective educational programming.

On June 28, 1988, in testimony before the Senate Subcommittee on the District of Columbia, Hallem H. Williams, Director of the D.C. Department of Corrections, reported that since their expansion in 1984 these programs have proved increasingly successful. By December 1987, 6,000 individuals had completed the academic programs, which include courses in Adult Basic Education, General Educational Development, Special Education, Life Skills and Job Readiness, and Employment Techniques, Awareness and Preparation. In the vocational area, 3,000 inmates had completed programs in accounting, automotive body repair, plumbing, landscape/gardening and computer repair.

Such programs have enormous potential to provide former inmates with job opportunities. A related benefit is that inmates who participate in these programs are more likely to avoid reincarceration than those who do not. On September 22, 1988, Director Williams reported that as of August 31, 1988, 73 percent of participating former inmates remained in the community, as compared with 52 percent of those who did not participate. We must take advantage of what has been learned in

the District's programs and work to replicate them nationally.

STATE FUNDING FOR PRISON EDUCATION

Mr. President, I believe that meaningful rehabilitation for first offenders and for some repeat offenders is critical to address the burgeoning prison population in our State prisons by easing the tendency for repeat offenses and reincarceration. Accordingly, the bill I introduce today provides an additional $5 million to the Bureau of Prison's National Institute of Corrections for grants to States to expand and develop education and vocational training programs in State correctional institutions. In addition, the bill provides an additional $2.5 million to the Federal Bureau of Prisons to expand existing programs for education, vocational, literacy, and employment training for inmates in federal correctional institutions.

These specific dollar amounts are based on proven programs in correctional education and training. Based on past successes of Federal funding for State correctional institutions for education, literacy, and training, I believe that this $5 million appropriation will have meaningful results. On March 10, 1989, the Institute for Economic and Policy Studies [IEPS] issued preliminary results based on a fiscal year 1984 appropriation of $2.5 million to the National Institute of Corrections [NIC] to support educational programs for adult offenders in state prisons.

IEPS had received a grant from NIC to document and evaluate the overall effectiveness of this program. This preliminary survey indicated that 87 percent of the NIC grantees who completed and returned the final survey have continued their projects; and that 62 percent of those grantees have developed programs and/or products that have become an integral part of the educational programs in their institution or system.

This initial report concluded that these programs have potential for long-term effectiveness. It further indicated that programs initiated by NIC grants have had a significant long-term impact on the institutions or systems involved in the project.

The composition of our State prison population reflects a disproportionate number of individuals who do not possess basic education and job skills, a situation which ultimately contributes to prisoners being released and commiting more crimes because they do not have the necessary skills to compete in our society. In 1986, approximately 75 percent of the more than 500,000 adult inmates was severely educationally deficient. Studies indicate that in the same year, only 40 percent of the inmate population, as compared with 85 percent of the United States population as a whole, had completed high school. The percentage of true illiterates in correctional facilities—persons who cannot read at all—has been estimated at 10 to 15 percent.

The National Institute of Corrections reported in 1987 that it is probably a conservative estimate that at least 75 percent of the prison population is in need of academic, vocational and life skills education. Yet, only 25 to 30 percent of the inmate population is reported to be enrolled in education, full or part time. I believe that the States can make great progress in dealing with their prison populations and ease the significant rate of recidivism by providing these inmates with effective programs that offer an opportunity for basic skills and education.

Mr. President, sound legislative precedent supports the use of federal resources to assist states in providing correctional education. In 1984, as a member of the Appropriations Subcommittee on Commerce, Justice, State, I proposed and Congress provided $2.5 million to the National Institute of Corrections for grants to support education programs for adult offenders in State prisons. Their impact was significant. Fourteen new programs are currently self-sustaining, and 13 programs were improved or updated through computer related assistance, curriculums development and teacher training. Students and staff have consistently indicated increased motivation and improved morale as a result of these new and enhanced academic and vocational programs.

I believe that the District of Columbia vocational and education program, combined with the special grant initiative for State correctional institutions, are sound investments to provide marketable skills to prison inmates and should be replicated throughout our Nation's prison system.

DRUG REHABILITATION IN THE FEDERAL PRISON SYSTEM

Since the fight against crime goes on after the criminal is incarcerated, crime fighting legislation must include postsentencing remedies. Findings of a Bureau of Prisons Conference on Developing Drug Treatment Strategies for Federal Offenders on September 22, 1988, showed that increases in the Federal inmate population over the past several years are related to the explosion in the use of alcohol and drugs by prison inmates. And Federal Bureau of Prisons Director Quinlan has reported that while approximately 40 percent of inmates in Federal prisons have a serious problem, only 4 percent participate in treatment programs. Information gleaned from my own meetings with clinicians, doctors and counselors familiar with the situation in Pennsylvania prisons confirms that adequate drug treatment and rehabilitation services are not available. Consequently, this bill would authorize $5 million for the Bureau of Prisons to design, develop and implement a comprehensive drug rehabilitation, counseling and treatment program systemwide. This provision both would reduce drug related crime and ease the problem of prison overcrowding.

CAREER CRIMINALS

REPEAT OFFENDER PROGRAM

A disproportionately large number of violent crimes are committed by repeat offenders, or career criminals. In 1973, the National Commission on Criminal Justice Standards and Goals, on which I served, conclude that career criminals are responsible for more than 70 percent of the violent crime in this country. The commission concluded that violent crime could be reduced by one-half by targeting career criminals, who should be incarcerated for lengthy periods of time.

The Armed Career Criminal Act, which I first introduced in 1981, involved the Federal Government for the first time in the fight against street crime. The new law enacted in 1984 made it a Federal offense with a mandatory 15-year-to-life sentence for a person with three prior convictions for robbery or burglary to be found in possession of a firearm. On April 16, 1986, I introduced S. 2312, to expand the predicate offenses of the act to include all violent felonies and serious drug offenses. The provisions of S. 2312 were incorporated into the Anti-Drug Abuse Act of 1986 and signed into law.

The Treasury Department's Bureau of Alcohol, Tobacco and Firearms [BATF], which has primary jurisdiction over enforcement of the Armed Career Criminal Act, has implemented a Repeat Offender Program—Project Achilles—nationwide. It is designed to identify, investigate, arrest and refer for prosecution armed career criminals and members of drug gangs such as the Jamaican Posses.

The initial success of the program is very promising. GATF reports that in 1986, 50.78 percent of its defendants had prior felony convictions and 62 percent had previous narcotics involvement. In fiscal year 1987 and the first quarter of 1988, 2,486 repeat offender suspects were charged with Federal firearms law violations; the overall conviction rate for cases adjudicated in fiscal year 1987 was as astonishing 96.3 percent. On February 26, 1988, BATF Director Higgins reported that through the Repeat Offender Program, 301 defendants were convicted under the Armed Career Criminal Act in fiscal year 1987 and 78 in the first quarter of fiscal year 1988. On October 16, 1987, Director Higgins reported that:

Since April 1, 1986, the task force and Project Achilles efforts have resulted in convictions with enhanced sentencing for 72 armed career criminals. These criminals

have been removed from our society for periods of 15 to 30 years. One defendant was given a life term. The total number of prison years, excluding the life sentence, is 1,206 years. The average sentence thus far has been 16 years.

As a member of the Appropriations Committee, I have worked to bolster the Government's ability to fight drug trafficking and violent crime. In 1987, we recognized the significant impact that the apprehension of repeat offenders might have on the number of crimes committed. Our fiscal year 1988 Treasury, Postal Service appropriations report noted that "100 offenders may have committed: 490 armed robberies, 720 burglaries, and 4,000 other serious crimes." It also indicated that "200 career criminals would commit: 179,000 criminal offenses in a 5-year period. The average narcotics addict commits one crime on 248 days out of 365 days." During the fiscal year 1988 appropriations process, the committee approved an additional $10 million to provide 200 new personnel for BATF's Repeat Offender Program. The Bureau estimated that this measure would help prevent 3,450 armed robberies, 3,600 burglaries, and 47,500 serious crimes during a 5-year period nationwide, with special emphasis on major metropolitan areas with high drug crime rates.

I questioned Treasury Secretary Baker during hearings before the full Appropriations Committee and before the Foreign Operations Subcommittee in 1988 in reference to attempts by the Reagan administration to cut funding for this vital anticrime, antidrug initiative. My particular point was the desirability not merely of maintaining but of increasing funding for the Repeat Offender Program. And on May 24, 1988, I wrote to Senator DECONCINI, chairman of the Appropriations Subcommittee on Treasury, Postal Service, and General Government, urging the subcommittee to include $25 million for BATF's Repeat Offender Program for fiscal year 1989; and to consider including language regarding this program in the report accompanying the appropriations bill.

I was pleased that the Senate Appropriations Committee recommended that $22 million should fund BATF's Repeat Offender Program and that the report included a directive that no fewer than 543 full-time Bureau positions be allocated for the Armed Career Criminal Program. The Senate-House conference accepted this recommendation for 543 full time staff.

I reiterated my strong support for BATF's Repeat Offender Program in a July 6, 1988, letter to Senator DOLE for consideration by the Senate Drug Task Force. Included in the Omnibus Anti-Drug Abuse Act of 1988 were a new $10.66 million authorization and $7 million appropriation for BATF. In addition, I applaud those provisions of the Anti-Drug Abuse Act which increase the mandatory penalty for using a handgun under 18 U.S.C. 924(c) from 5 to 10 years for the first drug-related offense and from 10 to 20 years for a subsequent drug-related offense.

BATF's Armed Career Criminal Program has removed from the streets a significant number of offenders responsible for repeated violent crimes. I believe that targeting such criminals is a most effective way to combat crime. Accordingly, the bill I introduce today would provide an additional $7 million to the Bureau of Alcohol, Tobacco and Firearms to hire 100 additional special agents and support personnel for its Repeat Offender Program and anti-gang activities. These additional agents will significantly enhance BATF's ability to pursue and apprehend repeat offenders.

STUDIES

The National Commission on Criminal Justice Standards and Goals first developed the career criminal approach to fighting crime. In 1973, as a member of the Commission, I was persuaded that profiles identifying the characteristics of career criminals would help law enforcement agencies operate more effectively.

Surprisingly, few such studies exists, and those that do are dated. Accordingly, this bill would direct the National Institute of Justice to develop profiles of career criminals. In addition, it would direct the Bureau of Justice Statistics of the Department of Justice to compile and maintain statistics on the number of arrests, prosecutions and convictions of career criminals nationwide under 18 U.S.C. section 924 (c) and (e); and to publish annual reports.

CONCLUSION

Mr. President, the bill I am introducing today, in conjunction with the crime package I introduced on January 25, 1989, comprises a multifaceted approach to the most serious crime problems facing our Nation, including violent gang activity, prison overcrowding, and rehabilitating our inmate populations, where that is realistic. The nature of street crime has changed with the onset of the escalating drug crisis in our Nation, and we must immediately move to adapt existing crime fighting efforts to meet new challenges. We must continue, as well, our efforts to provide the necessary resources for dealing with a growing criminal population: rehabilitation where practical and extended incarceration when necessary. With these factors in mind, I urge my colleagues to join in support of this vital anticrime legislation.

I thank the Chair. I yield back the remainder of my time which I suspect is only a few seconds.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 746

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Crime Control Act of 1989".

TITLE I—GANG VIOLENCE

SEC. 101. FINDINGS AND CONGRESSIONAL DECLARATION.

(a) The Congress finds—

(1) the explosion of drug trafficking in the cocaine derivative known as "crack" is transforming some of the country's toughest street gangs into highly organized drug-trafficking organizations;

(2) there is a consensus that these extremely violent gangs are establishing ties to major international drug suppliers and are expanding their operations across State lines; and

(3) an example of highly organized gang violence and drug trafficking is the Jamaican Posse which have transformed Jamaican enclaves throughout the country into bases of operations for their violent and lucrative crack distribution activities.

(b) DECLARATION.—Congress hereby declares that drug trafficking and the related violence by "Drug Gangs" requires coordinated and immediate Federal action.

SEC. 102. ANTI-GANG UNIT IN THE DEPARTMENT OF JUSTICE.

(a) AUTHORIZATION.—There is hereby authorized to be appropriated $20,000,000 for fiscal year 1990 to the Department of Justice for the creation of a new Anti-Gang Unit within the Criminal Division. Funds appropriated pursuant to this section shall be used to provide 180 agents, 40 prosecutors, and necessary support staff.

(b) COORDINATION OF RESOURCES.—The head of the Anti-Gang Unit shall work with Federal, State, and local law enforcement agencies to coordinate the resources necessary to fight gangs.

SEC. 103. ANTI-DRUG ABUSE GRANTS.

There is hereby authorized to be appropriated $5,000,000 for fiscal year 1990 to the Office of Justice Programs of the Department of Justice for anti-drug abuse grants to be allocated to State and local task forces which include law enforcement, educational systems, and community-based organizations and which have developed coordinated programs necessary to alleviate gang activity and drug trafficking.

SEC. 104. BUREAU OF ALCOHOL, TOBACCO AND FIREARMS AND STATE AND LOCAL COORDINATION.

The Director of the Bureau of Alcohol, Tobacco and Firearms shall establish direct liaison with State and local law enforcement agencies having responsibility for gang investigations for the purpose of providing training, technical expertise, information, coordination, and other enforcement efforts to combat gang related firearms violations.

SEC. 105. ASSET FORFEITURE FOR THE BUREAU OF ALCOHOL, TOBACCO AND FIREARMS.

(a) PROPERTY SUBJECT TO CRIMINAL FORFEITURE.—Any person convicted of a violation of sections 924 (c) or (e) of title 18, United States Code, and section 5861(d) of the Internal Revenue Code of 1986, in rela-

tion to a narcotics offense, irrespective of any provision of State law, shall forfeit to the Secretary of the Treasury or his designee the following items:

(1) any property constituting, or derived from, any proceeds the person obtained, directly or indirectly, as the result of such violation;

(2) any of the person's property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of such violation; and

(3) in the case of a person convicted of engaging in a continuing criminal enterprise in violation of this section the person shall forfeit, in addition to any property described in paragraph (1) or (2), any of his interests in, claims against, and property or contractual rights affording a source of control over, the continuing criminal enterprise.

The court, in imposing sentence on such person, shall order, in addition to any other sentence imposed pursuant to this subchapter, that the person shall forfeit to the United States all property described in this subsection. In lieu of a fine otherwise authorized by this part, a defendant who derives profits or other proceeds from an offense may be fined no more than twice the gross profits or other proceeds.

(b) MEANING OF TERM "PROPERTY".—Property subject to criminal forfeiture under this section includes—

(1) real property, including things growing on, affixed to, and found in land; and

(2) tangible and intangible personal property, including rights, privileges, interests, claims, and securities.

(c) THIRD PARTY TRANSFERS.—All right, title, and interest in property described in subsection (a) of this section vests in the United States upon the commission of the act of giving rise to forfeiture under this section. Any such property that is subsequently transferred to a person other than the defendant may be the subject of a special verdict of forfeiture and thereafter shall be ordered forfeited to the United States, unless the transferee establishes in a hearing pursuant to subsection (n) of this section that he is a bona fide purchaser for value of property who at the time of purchase was reasonably without cause to believe that the property was subject to forfeiture under this section.

(d) REBUTTABLE PRESUMPTION.—There is rebuttable presumption at trial that any property of a person convicted of a felony is subject to forfeiture under this section if the United States establishes by a preponderance of the evidence that—

(1) such property was acquired by such person during the period of the violation or within a reasonable time after such period; and

(2) there was no likely source of such property other than the violation.

(e) PROTECTIVE ORDERS.—(1) Upon application of the United States, the court may enter a restraining order or injunction, require the execution of a satisfactory performance bond, or take any other action to preserve the availability of property described in subsection (a) of this section for forfeiture under this section—

(A) upon filing of an indictment or information charging a violation herein described for which criminal forfeiture may be ordered under this section and alleging that the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section; or

(B) prior to the filing of such an indictment or information, if, after notice to persons appearing to have an interest in the property and opportunity for a hearing, the court determines that—

(i) there is a substantial probability that the United States will prevail on the issue of forfeiture and that failure to enter the order will result in the property being destroyed, removed from the jurisdiction of the court, or otherwise made unavailable for forfeiture; and

(ii) the need to preserve the availability of the property through the entry of the requested order outweighs the hardship on any party against whom the order is to be entered.

The order entered pursuant to subparagraph (B) shall be effective for not more than 90 days; unless extended by the court for good cause shown or unless an indictment or information described in subparagraph (A) has been filed.

(2) A temporary restraining order under this subsection may be entered upon application of the United States without notice or opportunity for a hearing when an information or indictment has not yet been filed with respect to the property, if the United States demonstrates that there is probable cause to believe that the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section and that provision of notice will jeopardize the availability of the property for forfeiture. Such a temporary order shall expire not more than 10 days after the date on which it is entered, unless extended for good cause shown or unless the party against who it is entered consents to any extension for a longer period. A hearing requested concerning an order entered under this paragraph shall be held at the earliest possible time and prior to the expiration of the temporary order.

(3) The court may receive and consider, at the hearing held pursuant to this subsection, evidence and information that would be inadmissible under the Federal Rules of Evidence.

(f) WARRANT OF SEIZURE.—The Government may request that issuance of a warrant authorizing the seizure of property subject to forfeiture under this section in the same manner as provided for a search warrant. If the court determines that there is probable cause to believe that the property to be seized would, in the event of conviction, be subject to forfeiture and that an order under subsection (e) of this section may not be sufficient to assure the availability of the property for forfeiture, the court shall issue a warrant authorizing the seizure of such property.

(g) EXECUTION.—Upon entry of an order of forfeiture under this section, the court shall authorize the Attorney General to seize all property ordered forfeited upon such terms and conditions as the court shall deem proper. Following entry of an order declaring the property forfeited, the court may, upon application of the United States, enter such appropriate restraining orders or injunctions, require the execution of satisfactory performance bonds, appoint receivers, conservators, appraisers, accountants, or trustees, or take any other action to protect the interest of the United States in the property ordered forfeited. Any income accruing to or derived from property ordered forfeited under this section may be used to offset ordinary and necessary expenses to the property which are required by law, or which are necessary to protect the interest of the United States or third parties.

(h) DISPOSITON OF PROPERTY.—Following the seizure of property ordered forfeited under this section, the Secretary of the Treasury shall direct the disposition of the property by sale or any other commercially feasible means, making due provision for the rights of any innocent persons. Any property right or interest not exercisable by, or transferable for value to, the United States shall expire and shall not revert to the defendant, nor shall the defendant or any person acting in concert with him or on his behalf be eligible to purchase forfeited property at any sale held by the United States. Upon application of a person, other than the defendant or a person acting in concert with him or on his behalf, the court may restrain or stay the sale or disposition of the property pending the conclusion of any appeal of the criminal case giving rise to the forfeiture, if the applicant demonstrates that the proceeding with the sale or disposition of the property will result in irreparable injury, harm, or loss to him.

(i) AUTHORITY OF THE SECRETARY OF THE TREASURY.—With respect to property ordered forfeited under this section, the Secretary of the Treasury or his designee is authorized to—

(1) grant petitions for mitigation or remission of forfeited property to victims of violation of this subchapter, or take any other action to protect the rights of innocent persons which is in the interest of justice and which is not inconsistent with the provisions of this section;

(2) compromise claims arising under this section;

(3) award compensation to the persons providing information resulting in a forfeiture under this section;

(4) direct the disposition by the United States, in accordance with provisions of this title, of all property ordered forfeited under this section by public sale or any commercially feasible means, making due provision for the rights of innocent persons; and

(5) take appropriate measures necessary to safeguard and maintain property ordered forfeited under this section pending its disposition.

(j) APPLICABILITY OF CIVIL FORFEITURE PROVISIONS.—Except to the extent that they are inconsistent with the provisions of this title shall apply to a criminal forfeiture under this section.

(k) BAR ON INTERVENTION.—Except as provided in subsection (n) of this section, no party claiming an interest in property subject to forfeiture under this section may—

(1) intervene in a trial or appeal of a criminal case involving the forfeiture of such property under this subchapter; or

(2) commence an action of law or equity against the United States concerning the validity of his alleged interest in the property subsequent to the filing of an indictment or information alleging that the property is subject to forfeiture under this section.

(l) JURISDICTION TO ENTER ORDERS.—The district courts of the United States shall have jurisdiction to enter orders as provided in this section without regard to the location of any property which may be subject to forfeiture under this section or which has been ordered forfeited under this section.

(m) DEPOSITIONS.—In order to facilitate the identification and location of property declared forfeited and to facilitate the disposition of petitions for remission or mitigation of forfeiture, after the entry of an order declaring property forfeited to the United States, the court may, upon application of the United States, order that the tes-

timony of any designated book, paper, document, record, recording, or other material not privileged be produced at the same time and place, in the same manner as provided for the taking of depositions under Rule 15 of the Federal Rules of Criminal Procedure.

(n) THIRD PARTY INTERESTS.—

(1) Following the entry of any order of forfeiture under this section, the United States shall publish notice of the order and of its intent to dispose of the property in such manner as the Attorney General may direct. The Government may also, to the extent practicable, provide direct written notice to any person known to have alleged an interest in the property that is the subject of the order of forfeiture as a substitute for published notice as to those persons so notified.

(2) Any person, other than the defendant, asserting a legal interest in property which has been ordered forfeited to the United States pursuant to this section may, within 30 days of final publication of notice or his receipt of notice under paragraph (1), whichever is earlier, petition the court for a hearing to adjudicate the validity of his alleged interest in the property. The hearing shall be held before the court alone, without a jury.

(3) The petition shall be signed by the petitioner under penalty of perjury and shall set forth the nature and extent of the petitioner's right, title, or interest in the property, the time and circumstances of the petitioner's acquisition of the right, title, or interest in the property, any additional facts supporting the petitioner's claim, and the relief sought.

(4) The hearing on the petition shall, to the extent practicable and consistent with the interests of justice, be held within 30 days of the filing of the petition. The court may consolidate the hearing on the petition with a hearing on any other petition filed by a person other than the defendant under this subsection.

(5) At the hearing, the petitioner may testify and present evidence and witnesses on his own behalf, and cross-examine witnesses who appear at the hearing. The United States may present evidence and witnesses in rebuttal and in defense of its claim to the property and cross-examine witnesses who appear at the hearing. In addition to testimony and evidence presented at the hearing, the court shall consider the relevant portions of the record of the criminal case which resulted in the order of forfeiture.

(6) If, after hearing, the court determines that the petitioner has established by a preponderance of the evidence that—

(A) the petitioner has a legal right, title, or interest in the property, and such right, title, or interest renders the order of forfeiture invalid in whole or in part because the right, title, or interest was vested in the petitioner rather than the defendant or was superior to any right, title, or interest of the defendant at the time of the commission of the acts which gave rise to the forfeiture of the property under this section; or

(B) the petitioner is a bona fide purchaser for value of the right, title, or interest in the property and was at the time of purchase reasonably without cause to believe that the property was subject to forfeiture of the property under this section; the court shall amend the order of forfeiture in accordance with its determination.

(7) Following the court's disposition of all petitions filed under this subsection, or if no such petitions are filed following the expiration of the period provided in paragraph (2) for the filing of such petitions, the United States shall have clear title to property that is the subject of the order of forfeiture and may warrant good title to any subsequent purchaser or transferee.

SEC. 106. NATIONAL COMMISSION ON GANG INTERVENTION.

(a) ESTABLISHMENT.—It is the sense of the Congress that due to the escalation in violence, crime, and drug trafficking by "organized gangs" the President should direct the Attorney General of the Department of Justice to establish a National Commission on Gang Intervention.

(b) DUTIES.—The Commission should—

(1) monitor and review gang activity nationwide to determine the extent, if any, of organized national gang activity;

(2) report on effective models for intervention, rehabilitation, and law enforcement; and

(3) recommend and report not later than 18 months after the date of enactment of this Act policies for effective approaches to gang activity for national dissemination.

SEC. 107. UNIFORM CRIME REPORTS.

(a) IN GENERAL.—Under the authority of section 534 of title 28, United States Code, the Attorney General shall acquire, for calendar year 1990 through calendar year 1995, data on the incidence of criminal acts that involve gang violence. The crimes with respect to which such data shall be acquired are as follows: homicide, assault, robbery, burglary, theft, arson, vandalism, trespass, threat, and such other crimes as the Attorney General considers appropriate.

(b) ANNUAL SUMMARY.—The Attorney General shall publish an annual summary of the data acquired under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal year 1990 through fiscal year 1995.

SEC. 108. CRIMINAL PENALTIES FOR GANG VIOLENCE.

(a) FINDINGS.—The Congress finds that—

(1) an integral component of "drug gang" is the use of sophisticated firearms; evidence indicates that these gangs have robbed federally licensed gun dealers for their sophisticated firearms and utilized these arms in "drive-by" and other indiscriminate shootings; and

(2) the offenses provided in this section address the issues of use of sophisticated firearms.

(b) TRANSPORTATION OF MINORS FOR DRUG RELATED ACTIVITY.—Section 405b(a) of the Controlled Substances Act (21 U.S.C. 845b(a)) is amended in paragraphs (1) and (2) by inserting "transport," after "use,".

(c) GUN POSSESSION.—The first sentence of section 924(c)(1) of title 18, United States Code, is amended by striking "uses or carries" and inserting "possesses".

(d) DISTRIBUTION OF FIREARMS TO A MINOR.—Section 405b(d) of the Controlled Substances Act (21 U.S.C. 845b(d)) is amended by—

(1) striking "or" after the semicolon in paragraph (1);

(2) striking the comma at the end of paragraph (2) and inserting "; or"; and

(3) adding after paragraph (2) the following:

"(3) and, in addition, knowingly provides or distributes a firearm to the person employed, hired, or used,".

SEC. 109. GANG VIOLENCE IN PRISONS.

(a) POLICY.—The Congress hereby encourages the States to separate in State institutions and juvenile correctional institutions inmates who are identified as members of "gang organizations" to ease the current violence in prisons between rival gang factions.

(b) FUNDING.—There is hereby authorized to be appropriated such sums as are necessary not to exceed $1,000,000, to the National Institute of Corrections of the Federal Bureau of Prisons to provide technical assistance to States to facilitate the separation of gang members in State prisons.

TITLE II—PRISON CONSTRUCTION AND REFORM

SEC. 201. PRISON CONSTRUCTION.

There is hereby authorized to be appropriated $250,000,000 for fiscal year 1990 to the Federal Bureau of Prisons, Federal Prison System, Buildings and Facilities in additional funds for construction of additional Federal correctional institutions, expansion projects of existing facilities, and modernization and repair projects at existing facilities.

SEC. 202. STATE PRISON LITERACY, EDUCATION AND VOCATIONAL TRAINING.

There are hereby authorized to be appropriated $5,000,000 to the National Institute of Corrections of the Federal Bureau of Prisons to make grants to States for educational programs for criminal offenders in State correctional institutions, including—

(1) academic programs for—

(A) basic education with special emphasis on reading, writing, vocabulary, and arithmetic; and

(B) secondary school credit programs;

(2) vocational training programs;

(3) training for teacher personnel specializing in corrections education; and

(4) guidance and counseling programs.

The Institute shall set aside a portion of this appropriation for a grant to track, document, and evaluate the overall correctional education initiative.

SEC. 203. PRISON EDUCATION, LITERACY, INDUSTRIAL, AND VOCATIONAL PROGRAMS IN THE FEDERAL PRISON SYSTEM.

There is hereby authorized to be appropriated $2,500,000 for fiscal year 1990 to the Federal Prison Industries (UNICOR), Federal Bureau of Prisons, to expand existing programs for education and vocational training, literacy and employment and industrial training for inmates in Federal correctional institutions.

SEC. 204. DRUG REHABILITATION IN THE FEDERAL PRISON SYSTEM.

(a) PROGRAM.—The Director of the Bureau of Prisons shall design, develop, and implement a comprehensive drug rehabilitation, counseling, and treatment program for the entire Federal prison system.

(b) AUTHORIZATION.—There are authorized to be appropriated $5,000,000 for fiscal year 1990 to the Federal Bureau of Prisons for the drug rehabilitation program authorized by subsection (a).

SEC. 205. MILITARY BASES.

(a) DETERMINATION OF SUITABILITY.—The Director of the Bureau of Prisons, in cooperation with the Secretary of Defense, shall determine whether facilities located on military bases recommended for closure by the Commission on Alternative Utilization of Military Facilities may be used as Federal confinement facilities.

(b) USE OF FACILITIES.—If the Director of the Bureau of Prisons determines that any facility is suitable for use as a confinement facility pursuant to subsection (a), the facility may be utilized for such purposes if the facility is accepted for closure by Congress.

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SEC. 206. USE OF FOREIGN ASSISTANCE FUNDS FOR PRISON CONSTRUCTION.

(a) TRANSFER AUTHORIZED.—(1) Notwithstanding any other provision of law, 90 days after the date of enactment of this Act there shall be transferred to the Attorney General for prison construction those unobligated funds appropriated for the fiscal year 1989 which are allocated for the fiscal year 1989 to provide assistance under the Foreign Assistance Act of 1961 (other than chapter 8 of part I as such Act which relates to international narcotics control) or to provide foreign military sales financing under the Arms Export Control Act with respect to a country for which a certification has been made under subsection (b).

(2) Funds transferred under paragraph (1) shall remain available for the same periods of time for which such funds would have been available under the Foreign Assistance Act of 1961 or the Arms Export Control Act, as the case may be, but for the enactment of this Act.

(b) CERTIFICATION.—Not later than 60 days after the date of enactment of this Act, the Secretary of State shall certify to the Congress those countries which have failed to make adequate progress in reducing illegal narcotics production.

SEC. 207. USE OF CUSTOMS FORFEITURE FUND FOR PRISON CONSTRUCTION.

Subsection (e) of section 613a of the Tariff Act of 1930 is amended to read as follows:

"(e) Amounts in the fund which are not currently needed for the purpose of this section—

"(1) may be used by the Attorney General for prison construction necessary on an emergency basis; or

"(2) if not used for the purposes provided in paragraph (1) shall be kept on deposit or invested in obligations of, or guaranteed by, the United States.".

TITLE III—CAREER CRIMINALS

SEC. 301. REPEAT OFFENDER PROGRAM.

There is hereby authorized to be appropriated $7,000,000 for fiscal year 1990 to the Bureau of Alcohol, Tobacco and Firearms for the Repeat Offender Program and anti-gang activities to hire 100 additional special agents and support personnel.

SEC. 302. STUDIES.

(a) PROFILE CAREER CRIMINAL.—The National Institute of Justice shall conduct a study and report on the profile and number of career criminals in America. The Institute shall submit the report to the Congress not later than 1 year after the date of enactment of this section.

(b) STATISTICS ON CAREER CRIMINALS.—The Bureau of Justice Statistics of the Department of Justice shall compile and maintain statistics for the number of arrests, prosecutions, and convictions of career criminals nationwide under section 924 (c) and (e) of title 18, United States Code. The Bureau shall publish and make available to the public annual reports of such statistics.

TITLE IV—NARCOTICS INVESTIGATIVE AND TASK FORCE

SEC. 402. ALLOWING PAYMENT OF COSTS FROM THE DEPARTMENT OF JUSTICE ASSETS FORFEITURE FUND.

Section 524(c)(1) of title 28, United States Code, is amended by—

(1) striking "and" after the semicolon in subparagraph (G);

(2) redesignating subparagraph (H) as subparagraph (I); and

(3) adding after subparagraph (G) the following:

"(H) the payment of any expenses necessary for the implementation and execution of approved narcotics investigative projects and task force projects of the United States Attorneys' Offices under the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 800, et seq.), at the discretion of the Attorney General; and".

EXHIBIT 1

MAN SLAIN IN SUSPECTED DRUG-TURF BATTLE

(By Terence Samuel)

A 23-year-old man was shot and killed yesterday as he drove along a West Philadelphia street and a gunman fired from a passing car.

Police said last night that the killing was the third in the last two weeks in what they believe is a turf battle among drug dealers in the Mill Creek section of West Philadelphia.

Police and witnesses said that Brock White of the 4900 block of Reno Street was driving south on 50th Street just before 6 p.m. and had stopped at a traffic light at Brown Street when the shooting began. Before the light turned green, a car pulled alongside White's and one of its occupants opened fire with a large-caliber handgun.

Police said that White was hit at least twice, once in the head and once in the shoulder.

Witnesses said White and the one passenger in his car tried to escape the gunfire by turning west onto the 5000 block of Brown Street. They said the Nissan Maxima that White was driving mounted the curb and careened down the sidewalk. It slammed into the front stoop of one house, hit the back of a truck parked on the street and stopped after hitting a tree halfway down the block.

White was taken to the University of Pennsylvania Medical Center, where he died at 7:15 p.m.

"I thought he was a drunken driver," said one neighbor who saw the car as it came around the corner, and who knew the victim.

"He was a good person," said the woman, who asked not to be identified. She said that she went to the car after it collided with the tree and tried to tap the victim, but that he was not moving and she thought he was dead.

Janice Porterfield, another resident of the block, said she heard the gunshots and saw the car coming down the street. She said that when White was taken from the car, his wounds were very visible. "You could see where he was shot twice in the head," Porterfield said.

Homicide detectives said that White, a suspected drug dealer, was allegedly the leader of one of the groups fighting for control of a playground at the corner of 51st and Hoopes Streets. Police said that the leader of the other gang, Albert Ragan, 24, of the 5900 block of Lansdowne Avenue, was shot and killed March 26, in the 700 block of North 46th Street.

Homicide Detective Lt. James Henwood said that Ragan's killing may have sparked a cycle of revenge shootings, including White's. The man police believe was responsible for Ragan's killing, Chester Keeley, 19, was found shot to death in the 5300 block of Diamond Street on April 1. There was a murder warrant out for Keeley at the time of his death.

"We believe that the last two killings were in response to the Ragan shooting." Henwood said.

As of last night, the number of homicides in the city this year was 124, a jump of 36 percent over the same period last year, when 91 homicides were reported.

EXHIBIT No. 2

[From the U.S. Senate, Subcommittee of the Committee on Appropriations, Washington, DC]

DISTRICT OF COLUMBIA APPROPRIATIONS FOR FISCAL YEAR 1987—JUNE 11, 1986

OPENING STATEMENT OF SENATOR SPECTER

Senator SPECTER. Good morning, ladies and gentlemen.

We will convene this hearing of the District of Columbia Subcommittee of the Appropriations Committee on the District of Columbia fiscal year 1987 budget.

The subcommittee has had a request to hear from my distinguished colleague, Representative Don Ritter, and we have granted that request but I do not think Representative Ritter is here yet, so we will proceed with our panel of Chief Judge William C. Pryor of the D.C. Court of Appeals; Chief Judge Fred Ugast of the superior court; and Mr. Larry Polansky, Esq., Executive Officer of the D.C. courts. Your honors—and I include Mr. Polansky in that—we welcome you here.

Mr. POLANSKY. I thank you.

Senator SPECTER. It is a longstanding commitment of mine, as you know, to assist the courts in any way that I can, and the subcommittee can, in carrying out the important judicial functions.

I have had the pleasure of hearing from Judge Ugast in the past, and Mr. Polansky. We welcome you here, Chief Judge Pryor. On the order of sequence, Judge Pryor is listed first, so let us proceed with you.

* * * * *

IMPACT OF PRISON SPACE ON JUDGES SENTENCING DECISIONS

Senator SPECTER. Well, Judge Ugast, you and I have discussed this subject before, and so did we with Judge Moultrie, and I know it is a difficult matter, but I am firmly of the view, having the experience I do on this committee, the Judiciary Committee, as District Attorney, that there is inevitably a sense by the sentencing judge, on what sentence he imposes, depending upon what the availability of prison space is. There are inevitably some cases where the judge would really like to sentence to jail but feels that he simply cannot because of overcrowding, and as a matter of fundamental safety, more people ought to go to jail than are going to jail, and are being impeded from going to jail because of the absence of space.

It is not a matter that the court can do anything about, but it is something the Council has to do something about, and the Major has to do something about. This subcommittee has been very active on it, and it is a little discouraging.

Judge UGAST. Well, it is a deep concern of mine, and when I, during the times I was acting for Judge Moultrie, and even when I was up here before, did comment the first time you asked me that, maybe 2 years ago, I think my response was something to the effect: Well, I didn't think it was having any substantial impact at the time but it was causing us great concern.

My answer would be different now; for in the marginal case, a close case between incarceration, or not, I think it is having an impact on sentencing. So my answer is a little different today than it was 2 years ago.

Senator SPECTER. Well, fine. So you think that if we had more jail space, that more

people would be going to jail on the discretionary judgments of the judges?

Judge UGAST. In some areas, coupled with all the other alternatives that we can come up with.

Senator SPECTER. The judges really have to be free to exercise their discretion, and they should not tilt away from a jail sentence in a case where they think it is necessary because there is no space. Chief Judge Pryor, would you care to comment on that issue?

Judge PRYOR. I was distracted. I'm sorry.

Senator SPECTER. Well, Congressman Ritter, would you care to comment on that issue? [Laughter.]

Mr. RITTER. I think we were both distracted by the same distraction.

Senator SPECTER. Chief Judge Pryor, Judge Ugast has just said that he does believe that in the marginal case, more people would go to jail if we had the physical facilities available. I would invite your comment on that, if you care to do so. I do not want to intrude on your judicial discretion.

Judge PRYOR. Sure. No problem. As a former trial judge, and having been in that situation, basically what happens is, you look at your range of choices, and in those close cases where you feel that the balance swings toward incarceration, if the space is not there, then you play it safe and go to the next alternative. So if the space is there, you use it. So I would agree.

Senator SPECTER. Well, all right. I am going to tell Mayor Barry and Council Chairman Clarke, that the public safety, in the view of the chief judge of the Court of Appeals of the District of Columbia and the chief judge of the superior court, that public safety would be enhanced if we had more jail space in terms of getting more people off the street who ought to be off the street, and see if we cannot light a little fire under them to get the jail moving.

ADDITIONAL FUNDING TO REDUCE BACKLOG OF CASES

Judge PRYOR. I think that is a fair statement.

Senator SPECTER. OK. We will carefully consider your budget request. If you had any magical plans to reduce the backlog even more, you could show this subcommittee a really tangible way to reduce the backlog on cases, both bail and jail, which might be implemented with some extra funding.

This is one Senator who would look very favorably on that, and will try hard on other lines, and reallocation of priorities to make that happen. It would be great value for the money, if you could come up with that.

Mr. POLANSKY. Senator Specter, the project that you funded in this year's budget has, as its final product, a report that will say to us, "What will it take to reduce delay to acceptable levels across the board in the District of Columbia courts?"—with the price tag attached. So, in the next 30 days, we expect to submit such a report to you.

Senator SPECTER. All right. I would be interested to know that. I take it you feel that the extra funds we have given you in the past—you have already said the additional judges we provided have been instrumental in reducing the backlog up until this point.

Judge UGAST. Tremendously. It is just I have got to now look at it courtwide, more broadly, than I have in the past.

Senator SPECTER. To the extent that you could provide the subcommittee with specifics as to how those funds have, in a concrete way, reduced the backlog, that would be useful in our evaluation of your requested budget. Thank you very much, Chief Judge Pryor, Chief Judge Ugast, and Mr. Polansky.

Mr. POLANSKY. Senator Specter, I will submit my statement for the record, too.

Senator SPECTER. Oh, I am sorry, Mr. Polansky. I did not mean to cut you off.

Mr. POLANSKY. There is nothing of great urgency in the court system budget, and I have submitted a statement. We have requested an amount that the Mayor and the Council have supported.

The only difference, between the entire court system budget and the budget submitted by the District, is the redirection that Judge Ugast mentioned, and an explanation of that is in the materials that we submitted.

By Mr. DECONCINI:

S. 747. A bill to amend chapter 44 of title 18, United States Code, regarding assault weapons; to the Committee on the Judiciary.

ANTIDRUG, ASSAULT WEAPONS LIMITATION ACT

● Mr. DECONCINI. Mr. President, I rise today to introduce the Anti-Drug Assault Weapons Limitation Act of 1989. This bill addresses the increasing problems associated with the use of assault weapons by illegal drug dealers, while protecting the rights of citizens who legally own assault weapons and continue to abide by the law.

The story is familiar to us all. Every night on the television, the front page, or the radio we learn of someone killed with an assault weapon. More often than not, the carnage is committed by an individual engaged in the illegal drug trade. Whether it is the Medellin Cartel or the Crips or Bloods youth gangs, drug dealers have found a weapon of choice that gives them an advantage over all adversaries, including the police.

Although the number of legal owners of so-called assault weapons far outnumber illegal owners, proposals have been offered penalizing law-abiding owners. It has been suggested that legal owners should be forced to register with the Federal Government, submitting to extensive background checks and investigations, before being able to maintain possession of what is rightfully theirs. It has even been suggested that the Government should be allowed to enter the homes of citizens and seize whatever weapons are determined to be assault weapons. I will not come before this body and claim these weapons are no more harmless than a single-shot 22. In the wrong hands assault weapons can inflict the worst damage imaginable. Yet, I do not believe the law-abiding citizen, owning an assault weapon for his or her own reasons, whatever they may be, should be penalized for the atrocities of criminals.

Mr. President, the legislation I am introducing today protects the rights of the legal owners while attacking the problems associated with the illegal use of assault weapons. Section 2 of the bill bans any future transfer, import, transport, shipping, receipt, or possession of an assault weapon, unless the assault weapon was legally owned on the effective date of the legislation. What this means is that no additional assault weapons will be introduced into the market once this bill is passed. Furthermore, those weapons which are illegally owned on the date of enactment, the UZI's and the like carried by drug dealers for example, will be outlawed. In the future, if a current legal owner of an assault weapon chooses to sell, or in some way transfer control of an assault weapon, he or she may do so as long as the procedures set forth in this bill are followed. What we have in the end is the ability to confiscate illegally owned assault weapons while protecting the rights of the legal owners to continue owning such weapons. In addition, all future sales of new assault weapons will be prohibited.

Section 3 of this legislation designates which weapons will be considered assault weapons. The weapons listed are seldom, if ever, used for a sporting purpose, and certainly were not designed for that purpose. Subsection (A) of section 3 lists nine weapons. Subsections (B) and (C) of section 3 provide that any weapon indentical or nearly identical to those listed as assault weapons will also be considered assault weapons. These subsections seek to prohibit a minor change in the structure of an assault weapon from enabling the weapon to avoid coverage of this bill.

Section 4 provides for the Secretary of the Treasury, with consultation from the Attorney General, to recommend to the Congress any additions or deletions to the list of assault weapons. Unlike other proposals, this bill does not place unlimited discretion in the hands of the Secretary. If, in the future, it is determined that additional weapons should be added to the list of assault weapons, or weapons listed should be deleted from the list, Congress, with the Secretary's recommendations, will be called upon to act. At that time Congress and not the Secretary of the Treasury will decide which, if any weapons, will be added or deleted.

If an assault weapon is used or carried during the commission of a crime of violence or during a drug trafficking offense, section 5 of the bill provides for an enhanced prison sentence of 5 years.

Since the passage of the 1968 Gun Control Act, Bureau of Alcohol, Tobacco and Firearms [BATF] regulations have required that a firearms transaction form 4473 be completed whenever there is a transfer of custody of a firearm; 28 CFR 178.124 further requires that the form be retained by the licensed importer, manu-

facturer or dealer, unless they cease doing business. If that occurs, the 4473 forms must be forwarded to BATF for their archives.

Section 6 of the bill utilizes form 4473 by requiring that the legal owner of an assault weapon obtain a copy of that form, either from the original seller of the weapon, or from the BATF, whichever is appropriate. The Secretary is directed to develop within 90 days after the date of enactment of this legislation regulations to enable the owner to request and receive delivery of form 4473 from the seller, or BATF when appropriate. Following the promulgation of regulations by the Secretary, a legal owner will have an additional 90 days to acquire a copy of form 4473.

If, however, the owner of an assault weapon knowingly fails to acquire a copy of form 4473 he or she may be fined up to $1,000, or be imprisoned for up to 6 months, or both. This provision is found in section 7 of the legislation introduced today. As a followup to section 7, section 8 amends section 922(g)(1) of title 18 United States Code to include knowingly failing to acquire a form 4473 as a disabling offense. If an individual knowingly fails to obtain a form 4473, that individual would be prohibited from selling or owning any firearms or ammunition.

Mr. President, I am certain that arguments will be made that this legislation does not go far enough. I am equally convinced that others will contend that the bill goes too far. I view those two arguments as supporting the position that this legislation takes—that there must be a reasonable middle position which will protect the public from physical harm while ensuring protection of constitutional rights under the law.

Thank you Mr. President. I ask unanimous consent that the text of the Anti-Drug Assault Weapons Limitation Act of 1989 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 747

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Antidrug, Assault Weapons Limitation Act of 1989".

SEC. 2. Section 922 of title 18, United States Code, is amended by adding at the end thereof the following:

"(q)(1) Except as provided in paragraph (2), it shall be unlawful for any person to transfer, import, transport, ship, receive, or possess any assault weapon.

"(2) This subsection does not apply with respect to—

"(A) transferring, importing, transporting, shipping, and receiving to or by, or possession by or under, authority of the United States or any department or agency thereof, or of any State or any department, agency, or political subdivision thereof, of such an assault weapon, or

"(B) any lawful transferring, transporting, shipping, receiving, or possession of such a weapon that was lawfully possessed before the effective date of this subsection.".

SEC. 3. Section 921(a) of title 18, United States Code, is amended by adding at the end thereof the following:

"(25) The term 'assault weapon' means—

"(A) any firearm designated as an assault weapon in this paragraph, including:

"(i) Norinco, Mitchell, and Poly Technologies Avtomat Kalashnikovs (all models),

"(ii) Action Arms Israeli Military Industries UZI and Galil,

"(iii) Beratta AR-70 (SC-70),

"(iv) Colt AR-15 and CAR-15,

"(v) Fabrique Nationale FN/FAL, FN/LAR, and FNC,

"(vi) MAC 10 and MAC 11,

"(vii) Steyr AUG,

"(viii) INTRATEC TEC-9, and

"(ix) Street Sweeper and Striker 12;

"(B) all other models by the same manufacturer with the same design which may have slight modifications or enhancements including a folding stock; adjustable sight; case deflector for left-handed shooters; left-handed fire adaptor; shorter barrel; wooden, plastic, or metal stock; large size magazine; different caliber, provided the caliber exceeds .22 rimfire; bayonet mount; tripod or bipod mount; or flash suppresser; and

"(C) any other firearm with an action design identical or nearly identical to an assault weapon specified in subparagraph (A) which has been redesigned from, renamed, renumbered, or patterned after one of such specified assault weapons regardless of the company of production or country of origin, or any firearm which has been manufactured or sold by another company under a licensing agreement to manufacture or sell an identical or near identical assault weapon as those specified in subparagraph (A), regardless of the company of production or country of origin.".

SEC. 4. Chapter 44 of title 18, United States Code, is amended—

(1) by adding at the end thereof the following new section:

"§ 931. Additional assault weapons

"The Secretary, in consultation with the Attorney General, may, when appropriate, recommend to the Congress the addition or deletion of firearms to be designated as assault weapons."; and

(2) in the table of sections by adding at the end thereof the following new item:

"931. Additional assault weapons.".

SEC. 5. Section 922 of title 18, United States Code, is further amended by adding at the end thereof the following:

"(s)(1) Whoever, during and in relation to the commission of a crime of violence or a drug trafficking crime (including crime of violence or drug trafficking crime, which provides for an enhanced punishment if committed by the use of a deadly or dangerous weapon or device) for which he may be prosecuted in a court of the United States, uses or carries an assault weapon, shall, in addition to the punishment provided for the commission of any such other crime committed by the defendant, be sentenced to a term of imprisonment for not less than 5 years.

"(2) For purposes of this subsection, the term 'drug trafficking crime' means any felony violation of Federal law involving the distribution, manufacturing, or importation of any controlled substance (as defined in section 102 of the Controlled Substances Act).".

SEC. 6. Section 922 of title 18, United States Code, is further amended by adding at the end thereof the following:

"(t)(1) It shall be unlawful for any person to sell, ship, or deliver an assault weapon to any person who does not fill out a form 4473 (pursuant to 27 CFR 178.124), or equivalent, in the purchase of such assault weapon.

"(2) It shall be unlawful for any person to purchase, possess, or accept delivery of an assault weapon unless such person has filled out such a form 4473, or equivalent, in the purchase of such assault weapon.

"(3) If a person purchases an assault weapon from anyone other than a licensed dealer, both the purchaser and the seller shall maintain a record of the sale on the seller's original copy of such form 4473, or equivalent. The purchaser and seller shall both retain copies of such form for all subsequent transactions regarding such assault weapon.

"(4) Any person who, prior to the effective date of this subsection purchased an assault weapon which required retention of such form 4473, or equivalent, pursuant to the provisions of this subsection, shall, within 90 days after the issuing of regulations by the Secretary pursuant to paragraph (5) of this section, request a copy of such form from the selling dealer or in the event such dealer has discontinued operation, from the Bureau of Alcohol, Tobacco and Firearms. Such dealer or Bureau shall forward a copy of such form to the purchaser in accordance with regulations prescribed by the Secretary pursuant to paragraph (5) of this section.

"(5) The Secretary shall, within 90 days after the date of enactment of this section, prescribe regulations for the request and delivery of such form 4473, or equivalent.".

SEC. 7. Section 924 of title 18, United States Code, is amended by—

(1) redesignating subsections (f) and (g), and any references to such subsections, as added by section 6211 of Public Law 100-690, as subsections (g) and (h), respectively; and

(2) adding at the end thereof the following:

"(i) Whoever, knowingly fails to acquire such form 4473, or equivalent (pursuant to 27 CFR 178.124), with respect to the lawful transferring, transporting, shipping, receiving, or possessing of any assault weapon, as required by the provisions of this chapter, shall be fined no more than $1000, or imprisoned for not more than 6 months, or both.".

SEC. 8. Section 922(g)(1) of title 18, United States Code, is amended by inserting before the semicolon at the end thereof the following: "or a violation of section 924(i) of this chapter".

SEC. 9. Unless otherwise provided, this Act and the amendments made by this Act shall become effective 30 days after the date of enactment of this Act.●

By Mr. CRANSTON (by request):

S. 748. A bill to amend title 38, United States Code, and other provisions of law, to extend the authority of the Department of Veterans' Affairs [VA] to continue the State home grant and respite care programs and to revise VA authority to furnish outpatient dental care; to the Committee on Veterans' Affairs.

DEPARTMENT OF VETERANS' AFFAIRS HEALTH CARE PROGRAMS EXTENSION ACT

Mr. CRANSTON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, by request, S. 748, the proposed Department of Veterans' Affairs Health Care Programs Extension Act of 1989. The Secretary of Veterans Affairs submitted this legislation by letter dated March 20, 1989, to the President of the Senate.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point, together with the March 20, 1989, transmittal letter and enclosed analysis.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 748

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Department of Veterans' Affairs Health Care Programs Extension Act of 1989".

(b) Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. (a) Section 612(b)(1) is amended—

(1) by striking out "or" at the end of subparagraph (F);

(2) by striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; or"; and

(3) by adding at the end the following new subparagraph:

"(H) where medically necessary in preparation for hospital admission.".

(b) Section 612(b)(3) is amended—

(1) by striking "$500" and inserting in lieu thereof "$1,000"; and

(2) by adding at the end the following: "The Secretary may periodically review the cost of dental care to determine whether the dollar ceiling contained in this clause remains appropriate to carry out the purposes of this provision, and may adjust that ceiling, as the Secretary determines necessary.".

SEC. 3. Section 620B(c) is amended by striking "1989" and inserting in lieu thereof "1991".

SEC. 4. The first sentence of section 5033(a) is amended to read as follows: "There is hereby authorized to be appropriated $42,000,000 for the fiscal year ending September 30, 1990, and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 5. Section 201(b) of Public Law 99-576 is amended by deleting "1989" and inserting in lieu thereof "1991".

VETERANS' ADMINISTRATION,
Washington, DC, March 20, 1989.

Hon. DAN QUAYLE,
President of the Senate, Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill to amend title 38, United States Code, and other provisions of law, to extend the authority of the Department of Veterans Affairs (VA) to continue the State home grant and respite care programs and to revise VA authority to furnish outpatient dental care. We request that it be referred to the appropriate committee for prompt consideration and enactment.

This draft bill would extend the VA's authority to operate two major health-care programs. Of particular importance, the bill would extend through fiscal year 1994 the State home grant program which assists the States with the construction or acquisition of State home facilities for veterans. Over the years, these grants have created a network of 54 State veterans facilities in 36 States. These facilities make it possible to provide medical care to many more veterans than can receive care in VA facilities. It is a cost-effective program in which Federal participation is limited to no more than 65 percent of the cost of any one project. Extension of this grant program would result in estimated costs of $42 million for Fiscal Year 1990.

Another important provision of the draft bill would extend for 2 years, through September 30, 1991, VA's authority to operate the respite care program. This program allows VA to provide chronically ill service-connected veterans who reside at home with brief, planned periods of care in VA facilities in order to provide members of the veterans' families with some relief from the physical and emotional rigors of continuous home care. The respite care program was expressly authorized in Public Law 99-576, and VA has begun to gain some experience with its operation. This program helps veterans to remain at home in the care of their loved ones, rather than be institutionalized for protracted periods. The draft bill would also extend for two years the date by which VA must report to the Congress on its evaluation of the new respite care program. This would allow for a more thorough and complete analysis of the program's effectiveness. Extension of the respite care program for two years would not result in significant costs.

Finally, the proposed bill would revise VA's authority to furnish outpatient dental care. Current law authorizes VA to provide medical services needed to prepare for a patient's hospital admission, but by virtue of a rigid statutory limitation on the provision of outpatient dental care precludes VA from furnishing medically-required pre-admission dental procedures. Thus, existing law would require costly VA hospitalization to permit the performance of medically-needed but limited dental work in preparation for a veteran's hospitalization in cases where dental infection, for example, could jeopardize a patient's well-being. The proposed bill would enable VA to provide limited outpatient dental services in preparation for such procedures as cardiac valve replacement, implantation of hip and knee prostheses, and radiotherapy. Enactment of this provision would reduce the period of hospitalization for such patients and thus avoid costs of some $520,000 for each of the next 5 fiscal years.

The draft bill also includes a cost-saving amendment which would require VA to obtain a second opinion in instances where the cost of proposed dental care for a veteran by a fee-basis practitioner would exceed $1000. Current law requires a second opinion for procedures over $500. In keeping with the rising cost of medical and dental care, the draft bill would provide for a $1000 ceiling and a periodic adjustment of the limit. By avoiding costly reexaminations, it is anticipated that the proposal would result in a cost savings of approximately $198,000 annually for each of the next five fiscal years.

The draft bill would not impose any new costs and would result in cost savings of $718,000 in each of the next five fiscal years.

The programs covered by this legislation are included in the residual freeze category of the President's Fiscal Year 1990 budget plan. Final decisions concerning programs in this category are to be determined through negotiations between the Administration and Congress. Accordingly, this proposal, which as drafted reflects President Reagan's Fiscal Year 1990 budget request, may need to be revised to reflect the results of such negotiations.

The Office of Management and Budget has advised that there is no objection to the presentation of this proposal to Congress.

Sincerely yours,

EDWARD J. DERWINSKI,
Administrator.

ANALYSIS OF PROPOSED BILL

Section 2 would amend 38 U.S.C. § 612(b)(1) to authorize the provisions of limited outpatient dental care to veterans scheduled for certain hospital procedures. Section 612(b)(1) of title 38, United States Code, now limits VA provision of outpatient dental care to those circumstances set forth in law. Section 612(b) does not authorize dental services needed in preparation for hospitalization.

This proposal would permit the VA to provide limited outpatient dental treatment to veterans when medically required for hospital treatment, (such as for cardiac valve replacement, implantation of hip and knee prosthesis, and radiotherapy), where the elimination of dental infection or correction of dental conditions is critical to the success of the planned hospital treatment or the welfare of the patient. These patients would be placed in a pre-bed care program for work-up prior to hospitalization, and the limited dental treatment, professionally determined to be essential, would be completed during that period.

At the present time, patients who need this type of limited dental treatment prior to certain types of surgery or other medical treatment are admitted as inpatients and the care is provided under the authority of 38 C.F.R. § 17.129. This practice results in longer periods of hospitalization and is more costly to the Department.

Section 2 would also amend 38 U.S.C. § 612(b)(3) to require VA to obtain a second opinion in instances where the cost of proposed dental care for a veteran by a fee-basis practitioner would exceed $1,000. Current law requires a second opinion for procedures over $500. The increase in this ceiling amount to $1,000 would be in keeping with the rising costs of medical and dental care. Further, in order to avoid the cost and inconvenience of requiring a second opinion for essentially routine dental procedures, the proposed revision provides for periodic review and adjustment of the ceiling amount.

Section 3 would amend 38 U.S.C. § 620B to extend for two years from September 30, 1989, to September 30, 1991, the VA's authority to provide respite care services. Under its respite care program, the VA furnishes certain chronically ill service-connected veterans who are in VA outpatient programs with brief, planned periods of inpatient care in VA hospitals or nursing homes. This inpatient care provides respite to members of the veteran's household who otherwise would be rendering needed care in the home. While a veteran may benefit from special care that can be provided during the period of respite, the primary objective of providing the care is to support the care-givers, the loved ones who provide essential care in the home. It is generally recognized that chronically ill persons not needing hospital care can most effectively be cared for at home by their family. But it is also recognized that this often places intolerable physical and emotional strains on the care-givers. These difficulties can become exacerbated when there is never any break in the continuum of the veteran's care.

The VA's respite care program was first expressly authorized in late 1986 with enactment of Public Law 99-576. During 1987 it became organized with VA Central Office providing medical facilities throughout the country with guidance on how to establish and administer respite care programs. The program is expected to provide a basis for evaluating whether respite care will help delay or avoid the need for prolonged institutionalization of veterans because they are able to receive continued care in the home. If that is the case, the program may have great potential for avoiding the high costs of providing the institutional care. A 2-year extension of the program would enable the VA to better evalute the cost-effectiveness of respite care.

Section 4 of the draft bill would amend 38 U.S.C. § 5033(a) to extend for an additional 5 years, through fiscal year 1994, the program for grants to States for the construction and acquisition of State home facilities for furnishing domiciliary and nursing home care and for the expansion, remodeling, and alteration of State home facilities for furnishing hospital, domiciliary, and nursing home care. The authority for this program expires at the end of fiscal year 1989.

These grants make it possible to extend medical care to veterans beyond that which is provided in VA facilities. It is a cost-effective approach, with Federal participation limited to no more than 65 percent of the cost of any one project. There are now State homes in 36 States. Nursing home care is provided in 52 homes, domiciliary care in 43 homes, and hospital care in seven homes. From fiscal year 1966 through fiscal year 1988, approximately $294 million was obligated in support of new nursing home care and domiciliary beds and for remodeling and modifying existing buildings. Eighty percent of the funds have been used for bed-producing projects. The remainder has been used for remodeling and renovation.

Section 5 would amend section 201(b) of Public Law 99-576 to extend for two years from September 30, 1989, to September 30, 1991, the date by which VA must report to the Congress on its evaluation of the respite care program authorized in late 1986 by Public Law 99-576. Department policy on establishing respite care programs was developed and promulgated by late 1987, and programs are now being implemented throughout the VA health care system. An extension of the due date for this report is needed to provide the Department with sufficient time to continue to develop the program, conduct the study mandated by the law, and consider the findings of the study in relation to medical efficacy and cost effectiveness of providing respite care.

COST AVOIDANCE FOR PROPOSED GRANTING LIMITED OUTPATIENT DENTAL TREATMENT ON A PRE-BED CARE STATUS FOR CERTAIN PATIENTS

No cost is anticipated due to the precluding of certain inpatient treatment activities by pre-bed care activities. Approximately 10,000 patients a year at VA medical centers need preparatory dental treatment that could be provided on a pre-bed care status at an average cost of $100 per case. Conversely, if these patients must be admitted for just one inpatient day each in order to legally provide the needed dental care, an additional $52 of lodging costs would be required per day. Thus, to legally provide the required care on an inpatient basis would cost approximately $1,520,000. To provide the care on a pre-bed care status would cost approximately $1,000,000 resulting in a cost avoidance of $520,000 for the first year.

Cost estimate.—Cost avoidance for 5-year period

	Cumulative total
1st	$520,000
2nd	1,040,000
3rd	1,560,000
4th	2,080,000
5th	2,600,000

PROPOSED LEGISLATION COSTING BY APPROPRIATION

[In millions of dollars]

Year	1	2	3	4	5
MEDICAL CARE (patient care in field)					
FTEE:					
Cost	[1] $520	[1] $520	[1] $520	[1] $520	[1] $520
Personal services					
Beneficiary travel					
0.007 travel					
Common, utilities and other rent					
Rent (SLUC)					
Rent (direct)					
Fee program:					
(Specify):					
Contracts					
Supplies					
Equipment					
Subtotal					
MAMOE (central office)					
FTEE:					
Cost:					
Personal services					
0.007 travel					
Supplies					
Contracts					
Equipment					
Subtotal					

[1] Cost avoidance.

COST SAVINGS ESTIMATES FOR THE VETERANS ADMINISTRATION TO AMEND PUBLIC LAW 96-151 TO REQUIRE A SECOND OPINION CLINICAL EXAMINATION FOR FEE DENTAL CASES EXCEEDING $1,000

	Fiscal year—				
	1988	1989	1990	1991	1992
1. Estimated number of Classes I-IV dental beneficiaries to be referred to fee dentists	22,000	22,000	22,000	22,000	22,000
2. Number of beneficiaries whose fee treatment will exceed $500 within a 12 month period	11,000	11,000	11,000	11,000	11,000
3. Number of beneficiaries whose fee treatment will exceed $1,000 within a 12 month period	2,000	2,000	2,000	2,000	2,000
4. Estimated round-trip mileage of those who will be re-examined by a VA dentist	200	200	200	200	200
5. Veterans Administration travel cost per re-exam visit (200 miles × $0.11)	$22.00	$22.00	$22.00	$22.00	$22.00
6. Travel costs paid by the VA for re-exam of treatment plans exceeding $500 (Line 2 × 5)	$242,000	$242,000	$242,000	$242,000	$242,000
7. Travel costs paid by the VA for re-exam of treatment plans exceeding $1000 (Line 3 × 5)	$44,000	$44,000	$44,000	$44,000	$44,000
8. Cumulative cost savings for VA if Public Law 96-151 is amended as proposed	$198,000	$396,000	$594,000	$792,000	$990,000

COSTING BY APPROPRIATION

[In millions of dollars]

Year	1	2	3	4	5
MEDICAL CARE (Patient Care in Field)					
FTEES:					
Cost					
Personal Services	[1] $198	[1] $198	[1] $198	[1] $198	[1] $198
Beneficiary Travel					
0.007 Travel					
Commun., utilities and other rent					
Rent (SLUC)					
Rent (Direct)					
Free Program:					
(Specify):					
Contracts					
Supplies					

COSTING BY APPROPRIATION—Continued

[In millions of dollars]

Year	1	2	3	4	5
Equipment					
Subtotal					
NAMOE (Central Office)					
FTEE:					
Cost					
Personal Services					
0.007 Travel					
Supplies					
Contracts					
Equipment					

COSTING BY APPROPRIATION—Continued

[In millions of dollars]

Year	1	2	3	4	5
Subtotal					

[1] Cost savings.

By Mr. PELL:

S. 749. A bill to require the National Railroad Passenger Corporation to repair a fire-damaged train station located in Kingston, RI, to the Commit-

tee on Commerce, Science, and Transportation.

REPAIR OF RAIL STATION IN KINGSTON, RI

● Mr. PELL. Mr. President, I wanted to take this opportunity here today to introduce a measure that is very important to the future of my State's transportation system.

Last December, the Kingston, RI train station was the site of a serious fire. The bill I am introducing today would direct the Secretary of Transportation, acting through the National Railroad Passenger Corporation, better known as Amtrak, to take such action as may be necessary to repair the Kingston train station, which is owned and operated by Amtrak.

Amtrak originally had thought it possessed sufficient insurance coverage to pay for the repairs. Closer examination of this insurance coverage unfortunately revealed that it was inadequate. As a result, Amtrak has thus far made no move to restore the station to its previous condition.

My legislation would compel Amtrak to use $250,000 in current, unobligated funds to restore the station to the condition in which it was immediately prior to the fire.

Mr. President, I am disappointed that I have to take the important step of introducing legislation to rectify this situation, but present circumstances have forced me to act in this manner.

The Kingston, RI, train station is an extremely valuable component of Rhode Island's transportation system. Second only to Providence in terms of passenger use, the Kingston train station handled over 70,000 passengers last year.

The Kingston station generates a revenue of about $1 million per year, which ranks it as the 42d most profitable Amtrak station out of 450 Amtrak stations nationwide.

But Mr. President, the Kingston, RI, train station represents more than just profits. It is an historic treasure.

The Kingston station was built over a century ago and his survived both the elements and decades of human neglect.

Mr. President, it is indeed ironic that that now that the station has been restored to its former glory, now that the station is being used by more and more passengers every year, it now stands boarded up and decaying because of severe fire damage.

Since December 12, the station has been as a derelict, with only a small concrete slab to serve passenger needs and comfort.

Attempts have been made to protect the damaged portions of the station against the elements, but we are losing time with each passing day as old timbers and planks rot beyond repair.

Mr. President, I am bringing this issue before Congress because I believe that Congress has a dual responsibility in this situation.

It is the responsibility of Congress to assist States in maintaining their transportation infrastructures. The Kingston train station is a valuable part of Rhode Island's transportation system and the unanticipated cost of its repair necessitates congressional intervention so that this asset is not lost for all time.

I believe that it is also the responsibility of Congress to support Amtrak with a reasonable level of funding, and with this funding comes the right to provide guidance on how this money should be spent.

Mr. President, my long experience as an advocate for U.S. passenger rail travel in general and for Amtrak in particular, gives me enough familiarity with the issues involved to know that I am pursuing the appropriate course of action in introducing this measure.

This experience with rail-related issues formally began in 1961, when I drafted Senate Joint Resolution 194, which proposed the establishment of a public authority to run a passenger rail service within the Northeast corridor. Over the years, I have been pleased to introduce legislation on high-speed rail transportation, rights-of-way authority, rail rehabilitation, increased funding for Northeast corridor operations and cooperative rail compacts among Northeastern States.

During my time here in the Senate, I have also been pleased to cosponsor or support a variety of specific bills and initiatives that have advanced the cause of passenger rail travel in this country.

I intend to vigorously pursue passage of the legislation I am introducing here today. I also intend to explore the possibility of sitting down with Amtrak to discuss possible nonlegislative alternatives for repairing this Rhode Island landmark.●

By Mr. BUMPERS:

S. 750. A bill extending time legislation of certain projects; to the Committee on the Environment and Natural Resources.

EXTENDING TIME LIMITATIONS ON CERTAIN PROJECTS

● Mr. BUMPERS. Mr. President, today I am introducing a bill which would extend the time required under the Federal Power Act for the commencement of construction of three small hydroelectric generation facilities on locks and dams 1, 2, and 3 on the White River in Independence County, AR. The three projects will be operated together as a run-of-river hydroelectric facility with a rated capacity of 19,091 kW and estimated average annual energy generation of approximately 107,000 megawatt hours.

Independence County and the city of Batesville have completed the requirements for obtaining licenses and financing for the projects and have taken equipment and general construction bids. Under the terms of the licenses issued by the Federal Energy Regulatory Commission, construction must be commenced by November 1989 at lock and dam 2 and by February 1990 at locks and dams 1 and 3. However, the licensees will not be able to start construction until they have entered into a power sale agreement with a purchaser. The licensees have been diligently attempting to sell the power from the project and are presently involved in discussions with a number of purchasers. However, even if a purchaser committed to take the power today, the final contract negotiations could take up to a year to complete.

It is important to the economy of this area that these licenses not be jeopardized by the lack of a signed power sale agreement. The oversupply of electricity in Arkansas which exists at the present time was beyond the control of the licensees. This oversupply situation is predicted to disappear by the mid-1990's and the licensees are confident they will have a commitment from one or more purchasers in the near future. For these reasons I am introducing legislation today to authorize the Federal Energy Regulatory Commission to extend the start of the construction dates for these three licenses for a maximum of three consecutive 2-year periods in accordance with the good faith, due diligence and public interest requirements of the Federal Power Act.

I ask unanimous consent that the text of this legislation be printed in the RECORD.●

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 750

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the time limitations of section 13 of the Federal Power Act, the Federal Energy Regulatory Commission upon the request of the licensees for FERC Projects Nos. 4204, 4659 and 4660 (and after reasonable notice) is authorized, in accordance with the good faith, due diligence, and public interest requirements of such section 13 and the Commission's procedures under such section, to extend:

(1) the time required for commencement of construction of Projects Nos. 4202, 4659, and 4660 for up to a maximum of 3 consecutive 2-year periods for each such project,

(2) the time required for completion of construction of such projects for a reasonable period not to exceed 5 years after commencement of construction of each project, and

(3) the time required for the licensees to acquire the real property required for such projects for a period of up to 5 years from the date of enactment of this Act.

The authorization for issuing extensions under paragraphs (2) and (3) of this section shall terminate 3 years after enactment of

this Act. The Commission may consolidate requests under this Act.

By Mr. PELL:

S. 751. A bill to amend the Federal Election Campaign Act of 1971, to better inform the electorate in elections for the office of Senator or Representative in the U.S. Congress; to the Committee on Commerce, Science, and Transportation.

INFORMED ELECTORATE ACT

Mr. PELL. Mr. President, I am introducing today the Informed Electorate Act of 1989 to provide a positive, no-cost solution to the complex problem of political campaign advertising in congressional elections. The same bill was introduced in the 100th Congress as S. 593 and as an amendment to S. 2.

The bill, in brief, would require all licensed television stations to provide a limited number of free time periods to political parties during the 2 months preceding general elections, for the presentation of views by candidates for the U.S. Senate and the House of Representatives. These discussion periods would be up to 15 minutes in length and would take place during what is known as the prime time access period, which in most television markets occurs between 7:30 and 8 p.m. local time.

My bill would require that the free time allocated by the act be used in a manner which promotes a rational discussion of the issues, and it requires that a least 75 percent of the time be devoted to the candidate's own remarks. The intention is to avoid slick commercials—like those we saw too much of last fall—while still allowing for some creativity in making interesting, substantive presentations.

The basic premise of this legislation is simply that broadcasters are key to the solution of the problem of escalating media costs as well as the problem of distorted political advertising. Since broadcasters have a Federal license, with responsibilities and obligations as a condition to having that license, I believe they can properly be called upon to provide a limited amount of programming time to enhance the electoral process.

The concept of free broadcast time in not new, but it has always encountered a host of obstacles and objections, some of which are well-founded. My bill has been crafted with a view toward circumventing these obstacles in ways which I hope are acceptable to interested parties.

It has often been said, for example, that free broadcast time won't work for candidates in large urban areas where there are so many candidates vying for time that the stations would be deluged and the viewers would be saturated. My bill deals with this problem by granting the free time to political parties which in turn would have total discretion as to which candidates would benefit most from the exposure and could best speak for the party. Moreover, there would be a specific limit on the amount of time that a committee could use on any one station—namely, 3 hours over the 60 day pre-election period.

Another problem often raised is that free time could be a costly disruption of commercial broadcast schedules, which require extensive advance planning and depend on ratings and advertising revenues for survival. My proposal would meet that objection by limiting the time grants, as I have already indicated, to no more than 15 minutes per occurrence, and aggregating no more than 3 hours per station per committee. The maximum burden on any one station—assuming maximum utilization by the House and Senate campaign committees of both parties—would seldom exceed 12 hours per election.

I might note also in this same connection that by specifying that the grants be provided during the prime time access period, my bill would be least disruptive of regular broadcast service and ratings. The prime time access period was originally set aside by the FCC for creative local programming following the evening news. In practice, the period has been taken over by nationally syndicated game and quiz shows. While I realize that these programs have a considerable public following, I believe that a maximum levy of 12 free hours out of some 200 prime time access periods in the year is a minimal public service to ask of broadcasters who are operating profitable public franchises.

Finally, many free time proposals raise the specter of Government regulators or media moguls making sensitive decisions about programming and timing that could have political consequences. Under my plan, all of those decisions would be made by the political parties and the candidates themselves, and no Government official or broadcaster would have anything to say about it as long as it conforms to the standards of the bill.

The Informed Electorate Act of 1989 does not limit or prohibit any other current political practice, including the purchase of additional television time by candidates who want more exposure than would be provided by the bill. I would hope, however, that the bill might to some degree curb the appetite for more advertising and thus stem the upward spiral of campaign costs.

In closing, I note that the proposal I offer attacks only one of the many political campaign problems we face today. The escalation of overall costs, the burdens of fundraising, and public concern about the influence of political action committees all are matters of continuing concern. For this reason, I have joined in cosponsoring S. 137, the Senatorial Election Campaign Act of 1989 authored by the distinguished Senator from Oklahoma [Mr. BOREN]. I look forward to the hearings that will begin shortly on this and a number of related bills before the Committee on Rules and Administration, and I hope that the Informed Electorate Act can be part of the comprehensive solution.

By Mr. HARKIN (for himself, Mr. HATFIELD, Mr. BURDICK, Mr. CRANSTON, Mr. DASCHLE, Mr. KENNEDY, Mr. KERRY, Mr. LEAHY, Mr. MATSUNAGA, Mr. RIEGLE, Mr. SANFORD, Mr. SIMON, and Mr. PELL):

S. 752. A bill to preserve the cooperative, peaceful uses of outer space for the benefit of all mankind by prohibiting the basing or testing of weapons in outer space and the testing of antisatellite weapons, and for other purposes; to the Committee on Armed Services.

OUTER SPACE PROTECTION ACT

● Mr. HARKIN. Mr. President, it is said that those who fail to learn from history are doomed to repeat it. The history of the nuclear arms race is a saga of missed opportunities. Beginning with their failure to gain international control over nuclear weapons in the late 1940's, the two superpowers have staggered down the road toward nuclear armageddon, building up obscene arsenals of nuclear weapons, beyond all reason. Nearly every opportunity for restraint has been squandered.

As a result, we are less secure. We have moved from absolute security at the end of World War II, to absolute insecurity. In 1946 no nation could harm the United States. Today we could be destroyed as a viable civilization in one-half hour, the flight time of an intercontinental ballistic missile.

Today we face a new opportunity: We can stop the escalation of the arms race into outer space. Today, there are no weapons in space. The challenge for us, as the 20th century draws to a close, is to prove that we have learned something from four decades of the arms race on Earth. Will we continue our old ways, filling outer space with weapons of war, or will we learn from history the futility of an unconstrained competition in weapons?

We certainly have much to learn from the history of the nuclear arms race here on Earth. Too often, we saw only the short-term military advantages of new weapons systems. Too often, we neglected the long-term consequences when the Soviets copied our advances. Too often, our advances in nuclear weaponry returned with Soviet stripes several years later to undermine our security.

The MIRV'ing of missiles was one clear lesson. We developed multiple warheads for our missiles in the late

1960's as an answer to the perceived threat of a Soviet ballistic missile defense system. With more warheads, we could penetrate possible Soviet defenses. We refused to negotiate a ban on multiple warheads with the Soviets in the SALT I talks, choosing instead to deploy MIRV'd missiles beginning in 1972, even though we and the Soviets did agree to ban ballistic missile defenses, the original motivation for adding MIRV's. As frequently happens, the weapon is deployed even after the justification is removed.

We had MIRV's and the Soviets didn't. We choose the short-term military gain, ignoring the long-term consequences.

We all know the results: The Soviets began MIRV'ing their ICBM's in 1976. With thousands of extra warheads, and with improved guidance on their powerful SS-18 missiles, these multiple warheads came back to haunt us, creating the "window of vulnerability" pseudothreat that is still with us today. Our land-based missiles are theoretically vulnerable, offering incentives to the Soviets to strike first in some future crisis to reduce the number of United States warheads that might reach the Soviet Union.

While no rational Soviet leader would ever use their MIRV'd missiles to destroy our land-based missiles under normal circumstances, since we could retaliate with our 5,600 submarine-based warheads, the vulnerability could be destabilizing in a severe crisis. At the very least, this hypothetical vulnerability may cost us many tens of billions of dollars to correct. All of this danger and cost could have been avoided if we had agreed to negotiate a ban on MIRV's in 1972.

Now we face a similar situation with regard to outer space. The years 1989 through 1993 are to antisatellite [Asat] and space weapons what 1968 through 1972 were to MIRV's. We have the same fundamental choice: Should we take advantage of short-term technological leads and build new Asat's and space weapons, or should we sit down with the Soviets and negotiate a mutual, verifiable ban on all space weapons?

The signs are not good. It looks like we are doomed to repeat our past mistakes, unless we act soon. Before Ronald Reagan left office, his Secretary of Defense, Frank Carlucci, submitted a request to begin developing antisatellite [Asat] weapons, based on SDI research.

Forget those claims about SDI being purely defensive. All star wars weapons can be used offensively to shoot down satellites, or defensively to destroy ICBM's or warheads. Unfortunately for all of us, it is much easier to shoot down satellites than warheads. Satellites travel in prescribed orbits; attacks can be planned days or weeks in advance. Satellites have vulnerable components such as communication antennas, solar panels, and sensitive sensors. An Asat weapons system need destroy at most 150 satellites at a time of our choosing, waiting in ambush until the satellites pass overhead.

By comparison, warheads are carried in small reentry vehicles [RV's] that are hardened for the fiery reentry into the Earth's atmosphere. Reentry vehicles have no external solar panels, no sensors, and no antennas. A ballistic missile defense system would have to attack thousands of RV's in a cloud of tens of thousands of decoys at a time of our opponent's choosing, and it would have to complete the job in less than 25 minutes. Worse yet, for any reasonable chance of success, most of the RV's would have to be destroyed while they are still on missiles rising out of the Earth's atmosphere above the Soviet Union. Therefore, star wars requires weapons in space.

When Senator HATFIELD and I introduced the Outer Space Protection Act in the 100th Congress, we believed that it would take many years to deploy effective weapons that would place our valuable space assets at risk. We thought we had time to build a consensus against extending the arms race into outer space. While some talked about "early deployment" of a star wars ballistic missile defense system, in fact it would take at least 8 to 10 years to place even a token, partial defense into orbit. Secretary of Defense Carlucci admitted late last year that the first phase of SDI could not be deployed before 1999 to 2000.

Asat weapons, on the other hand, could be deployed within a few years. The Pentagon has already reprogrammed money, without congressional approval, to refurbish the MIRACL laser at White Sands, NM, to make it into a weak Asat weapon. The modified MIRACL laser could take pot shots at satellites passing overhead by the end of the year. For the longer term, the free electron laser under development for SDI could make a more powerful and more capable Asat by the mid-1990's.

The other near-term Asat threat produced by star wars research is the exoatmospheric reentry vehicle interceptor system or ERIS. This ground-based rocket, part of the proposed phase 1 of star wars, would send its kinetic energy warhead into outer space. The SDI goal for the ERIS interceptor is to crash into incoming RV's in outer space, during the midcourse phase of the RV trajectory through space. But even before the ERIS system could succeed in destroying RV's, it could be used to damage satellites.

My fear is that ERIS interceptors may be deployed as part of a limited ballistic missile defense system, without any debate over its Asat capability. For example, we might be stampeded into deploying an "accidental launch protection system" or ALPS, to protect against an accidental or unauthorized launch of a few nuclear armed ballistic missiles. One proposal, to deploy 100 ERIS rockets near Grand Forks, ND, as allowed by the ABM Treaty, would make a potent Asat system. These 100 ERIS rockets could clear the skies of all Soviet satellites in low Earth orbit in a few hours or days.

The Navy is also considering the use of ERIS-like rockets based on ships to shoot down Soviet ocean reconnaissance satellites. Here's a repeat of the historical pattern: The military has an immediate need, to shoot down Soviet Rorsat and Eorsat satellites that help to target our naval forces. But what happens if we go ahead and deploy ERIS or lasers to damage Soviet satellites? What happens when they deploy effective Asat's in return?

The military respond that the Soviets already have an Asat capability, and we do not. In fact, the Soviet's crude coorbital system has not been tested since June 1982. This coorbital Asat requires up to several hours to maneuver into position next to the target satellite, giving ample warning to the satellite to maneuver or to electronically jam the Asat radar sensor. The coorbital system failed in 11 out of 20 tests prior to the Soviet's unilateral testing moratorium. The coorbital Asat system can at best fire three or four Asat weapons per day from two launch pads at Tyuratam. It would take several weeks to create the same damage as 100 ERIS rockets could wreak in one day.

In short, the proposed United States Asat program would be far superior to the Soviet system. It would surely stimulate the Soviets to abandon their unilateral testing moratorium and to develop their own effective, quick acting Asat system. The end result: Our own satellites would be placed at much greater risk, if we move ahead with the proposed Asat program.

We do have an alternative. We can sit down and negotiate an Asat test ban with the Soviets. We can agree to stop all Asat testing against targets in space. We can work out verification procedures and cooperative measures to assure that neither side could develop a capable Asat system. Our Outer Space Protection Act incorporates such a ban on all Asat testing, provided that the Soviets continue to abide by their testing moratorium. The bill calls on the President to negotiate a permanent ban.

Our bill also bans the placement of any weapons in space. I fear that Asat weapons would be just the first step down a slippery slope leading to the weaponization of space. So far, the military has used space for nonthreatening functions, such as communications, navigation, reconnaissance, early warning of missiles attack, and

monitoring of arms control treaties. That would all change with star wars. Star wars would require weapons in space. Either space-based interceptor [SBI] interceptor rockets, or space-based mirrors for ground-based lasers, or space-based lasers.

Once we began deploying weapons in space, our future security would be degraded. Space-based weapons, once deployed by the Soviets—or some other future adversary—could be used against our satellites, against airplanes, or even against targets on the ground. Would we really be more secure with hundreds of Soviet battlestations orbiting a few hundred miles above every military installation, every powerplant, every industrial facility in the United States?

To those who say that arming satellites is natural or inevitable, similar to arming ships at sea or airplanes, consider these differences: The debris from a fighter aircraft dogfight or an aircraft carrier battle at sea falls to the ground or the sea bottom. The debris from a space battle, on the other hand, remains in orbit for months or years, depending on the altitude. One space battle, or even a star wars test could render vast orbital bands of space useless for many years, curtailing the peaceful uses of outer space.

Space-based battlestations also differ from aircraft battle groups in terms of their lethal range and coverage. An aircraft carrier battle group moves rather slowly, giving ample warning of approach to a target area. Many inland areas never fall within lethal range of aircraft carriers. By contrast, space-based battle stations would fly over the heartland of our Nation every 90 minutes, placing all U.S. facilities at risk several times a day, every day of the year.

In summary, we have looked into the future to consider the implications of pursuing Asat and space-weapons capability. We are deeply troubled by this future. We see our national security degraded if the Soviet Union develops and deploys effective Asat and space-based weapons.

We have a choice: We can continue our historical trend, building these weapons with the hope of staying ahead, hoping that the Soviets won't catch up. Or we can prohibit Soviet development of the destabilizing weapons by negotiating a mutual, verifiable treaty banning all Asat tests and all weapons in space. I urge you to join Senator HATFIELD and me, along with Senators BURDICK, CRANSTON, DASCHLE, KENNEDY, KERRY, LEAHY, MATSUNAGA, RIEGLE, SANFORD, and SIMON in promoting the Outer Space Protection Act.

The space-weapons genie is still in the bottle. Let's keep it there.●

● Mr. HATFIELD. Mr. President, I am pleased to rise, as I did a year ago, with Senator TOM HARKIN to introduce the Outer Space Protection Act. As the Bush administration develops its approach to arms control, I think this legislation is particularly timely because it helps to set the parameters for the nuclear arms race. Very simply, the Outer Space Protection Act would prevent the nuclear arms race from creeping into space.

Mr. President, I am convinced that the nuclear arms race has escalated as dramatically as it has in these past few decades because no lines were ever drawn, no boundaries ever set.

Nobody ever could have imagined that the nuclear arms race would go as far as it already has—who could have imagined when the United States had three nuclear weapons in 1945 that there would be more than 55,000 nuclear weapons in the world four decades later? But then again, nobody ever agreed that there would be a point at which the United States and the Soviet Union would go no further. As Father Theodore Hesburgh recently pointed out, "We did it because they did it; they did it because we did it."

The legislation we are introducing today would draw a desperately needed line between the nuclear arms race and outer space. Although both the United States and the Soviet Union have deployed military satellites in space, neither country has deployed weapons in space. That will not be true forever, Mr. President. Unless we act now, space will become the next stage for the bizarre and potentially deadly dance we call deterrence.

The situation in which we now find ourselves—poised on the verge of an arms race is space—offers us a very clear choice: Either we move one step closer to nuclear war or we move one step back from it. An arms race in space is not inevitable. If it is to occur, it will occur because we have chosen it.

Unfortunately, Mr. President, as Leslie Gelb pointed out in the New York Times several years ago, "there seems to be a habit of mind developing among Soviet and American officials that the problem cannot be solved, that technology cannot be checked, a combination of resignation and complacency. They have gotten used to both the competition and the nuclear peace." Are we so resigned and so complacent that we cannot see—the threat or the opportunity?

Of course this legislation is mutual and it is verifiable.

But what it really is, Mr. President, is sane. It is a sane response to an insane arms race. I compliment Senator HARKIN and his staff on this legislation, and am proud to be an original cosponsor of it.●

● Mr. SIMON. Mr. President, I am pleased to be an original sponsor, along with my colleagues Senators TOM HARKIN, MARK HATFIELD, and a number of other distinguished Senators, of the Outer Space Protection Act of 1989. It is a sensible step in the right direction.

The bill seeks to preserve outer space for peaceful purposes only by prohibiting the basing or testing of space weapons. These include weapons that may be developed under the strategic defense initiative and antisatellite weapons programs. It is clear that we cannot afford an arms race in space. This legislation urges negotiations with the Soviet Union to foreclose a ruinous and dangerous space weapons buildup. If the U.S.S.R. goes ahead and tests, produces or deploys space weapons, then our prohibition will be lifted as well.

Mr. President, we have many pressing problems at home. Our priorities should be in these areas. Some research ought to be conducted, but we should pull back from excessive spending on Star Wars and antisatellite weapons. I commend this legislation to my colleagues, and I hope the administration will redouble its negotiating efforts in Geneva and stave off an arms race in space.●

By Mr. GORE (for himself, Mr. PRYOR, and Mr. HARKIN):

S. 753. A bill to provide a special statute of limitations for certain refund claims; to the Committee on Finance.

PROVIDING A SPECIAL STATUTE OF LIMITATIONS FOR CERTAIN REFUND CLAIMS

● Mr. GORE. Mr. President, I rise today to introduce legislation to address a glaring inequity in the Federal tax code and to protect the rights of taxpayers.

I want to thank my distinguished colleague from Arkansas [Senator PRYOR] for his shared commitment to resolving this problem. In the other body, the Representative from New York, Mr. [DOWNEY], will be introducing identical legislation, and I also want to applaud his efforts to correct this problem.

Taxpayers who neglected to claim credit for withholding on their returns in the past were not informed by tax examiners. I first learned of this problem during one of my open meetings in Memphis, where tax examiners told me about the Internal Revenue Service [IRS] policy prohibiting them from adjusting a taxpayers' withholding or giving the taxpayer credit when the taxpayer was entitled to it. There is no excuse for a rule that says public servants should not tell the public what they are entitled to know, especially when often confusing tax forms are involved. Furthermore, this policy affects those who can least afford it, like retirees and those laid off from their jobs.

When I learned about this policy, I wrote acting IRS Commissioner Michael Murphy for a complete explana-

tion. Soon after that, Commissioner Murphy and I met, and he assured me that the agency would change its policy of not informing taxpayers of deductions they are entitled to take. I was pleased with Commissioner Murphy's responsiveness to my questions and the shared commitment to fixing the problem.

Although Commissioner Murphy assured me that the agency will change its policy of not informing taxpayers of deductions they are entitled to take, I am concerned about the statute of limitations for taxpayers who filed in 1985 and do not have enough time to check and amend their returns. The legislation I am introducing today addresses that concern.

Taxpayers have only until April 17 to amend their 1985 returns if they discover this error, the error of neglecting to take credit for withholding on pensions or lump sum distributions. We need to get in touch with an estimated 1.5 million taxpayers across the country who could be affected, and we need to give them time to check their returns and amend them if they have not claimed credit on withholding.

I am working closely with the IRS to identify the affected taxpayers. For example, the IRS began a media campaign to reach those taxpayers and to urge them to check with the IRS if they believe they deserve a refund. The IRS is trying to address this problem administratively by issuing an authorization for refunds and saying that taxpayers can substantiate claims after April 17. However, we must be absolutely certain that the affected taxpayers have time to check their returns and amend them even if the statute of limitations runs out. This bill would protect taxpayers' right to claim refunds beyond the April 17 deadline.

This legislation is carefully crafted to allow taxpayers affected by the policy to amend their returns. It does not extend the statute of limitations generally. I believe that it is a necessary bill, one to help those taxpayers recover money that is rightfully theirs. It is the right thing to do, and I urge my colleagues to join me in this effort.

I ask unanimous consent that the text of the bill be printed in the RECORD.●

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 753

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. STATUTE OF LIMITATIONS FOR CERTAIN REFUND CLAIMS.

Notwithstanding section 6511 of the Internal Revenue Code of 1986, if a claim for credit or refund of overpayment of the tax imposed under chapter 1 of such Code relates to an overpayment of tax attributable to the taxpayer's failure to take proper credit for amounts of tax withheld by the payor of any income included in such taxpayer's gross income for the taxable year ending December 31, 1985, such credit or refund may be allowed if claim therefor is filed on or before April 15, 1990.

By Mr. PACKWOOD (for himself, Mr. CRANSTON, Mr. BAUCUS, Mr. BURNS, Mr. MCCLURE, and Mr. STEVENS):

S. 754. A bill to restrict the export of unprocessed timber from certain Federal lands, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

S. 755. a bill to authorize the States to prohibit or restrict the export of unprocessed logs harvested from lands owned or administered by States; to the Committee on Banking, Housing, and Urban Affairs.

EXPORT OF UNPROCESSED TIMBER

● Mr. PACKWOOD. Mr. President, today I am introducing two bills on log exports. I am pleased to have Senators CRANSTON, BAUCUS, BURNS, MCCLURE, and STEVENS joining me as original cosponsors. One bill will delegate congressional authority to States so they can regulate the export of logs from State-owned lands and the second bill will establish in permanent law the prohibition of export of logs from Federal lands. A coalition of diverse groups including the Wilderness Society, Sierra Club, the National Audubon Society, the National Wildlife Federation, the AFL-CIO, Boise Cascade Corp., Southern Pacific Transportation Co., and the Western Forest Industries Association support legislation limiting log exports. This demonstrates the range of national support for action to restrict log exports.

My concern about the effect exporting logs has on the economy of Oregon is longstanding. In fact, in 1973, I held hearings in Portland on log export restrictions. I sponsored legislation that year banning log exports. In February, I held hearings on whether or not we should restrict log exports. The hearings were held in Portland, Eugene, and Medford, OR. Many of the more than 30 witnesses who testified were the same individuals who testified at my 1973 hearing. Representatives of Federal, State, and local governments as well as timber companies and environmental organizations stated loud and clear that they are concerned about the exportation of unprocessed logs.

The economy of Oregon depends on a vibrant and productive forest products industry. Mills are closing because they do not have enough logs to process, while at the same time, there is record demand for timber products. The export of unprocessed logs contributes to the problems of imbalance in the log supply equation. In 1988 alone, the Columbia River/Snake River Customs District exported an estimated 1.4 billion board feet of private and State logs to overseas markets. An estimated 98 million board feet of logs harvested from state-owned lands were exported. This is only about 3 percent of Oregon's total timber harvest but in this era of short supply these logs could be providing new jobs for millworkers. I believe, therefore, it is time for Congress to state explicitly that States should have the authority to regulate log exports from State-owned lands.

The first bill I am introducing today, similar to a House bill introduced by Congressman DEFAZIO of Oregon, would provide the congressional authority needed for Oregon and all States to prohibit or restrict the export of logs from State owned lands. This legislation is necessary because of a 1984 Supreme Court decision. South Central Timber Development against Wunnicke. At issue was an Alaska State law requiring State logs to be processed in the State of Alaska prior to being exported. The Alaska law was challenged as an infringement on Federal authority to regulate international trade under the Commerce clause. The Supreme Court remanded the case back to the Courts of Appeals and then to the district court for reconsideration. The Supreme Court stated in its opinion "congressional intent must be unmistakably clear" with respect to State delegation under the Commerce clause. Mr. President, this bill would explicitly grant States the authority to regulate log exports from State-owned lands. We are not requiring States to restrict log exports but only giving them the option to do so if they so wish.

Mr. President, my second bill would make permanent law the current temporary prohibition on the export of logs from western Federal lands in the contiguous 48 States. Since 1973, the ban on Federal logs has been included in the Interior appropriations bill. I think it is time that this ban which we have successfully fought every year become permanent law. In light of the administration's proposal to lift the ban it has on Federal log exports, this legislation could not be more timely. Without doubt, the administration's proposal would be devastating to the Pacific Northwest economy. The administration admits that more than 6,000 jobs could be lost which absolutely intolerable. I believe, therefore, that Congress should send a clear signal that this proposal is unacceptable. Making the yearly ban on exporting Federal logs permanent law accomplishes this goal.

My Federal log export bill also eliminates the loopholes in the practice of log substitution. Federal regulations prohibit companies that export private timber from using Federal logs in their mill as a replacement for the private logs exported. The regulations do

allow 51 companies that purchased Federal timber and exported private timber between 1971 and 1973 to continue this practice at their historic levels. These quotas are no longer necessary because there has been ample time for these historical exporters to adapt to the market. My legislation would phase out this practice over the life of existing Federal timber sales contracts. Therefore, I do not see why these companies should be provided an unfair advantage over other timber companies. I understand that some of these companies have gone out of business and this benefit has been transferred in some cases to new companies. This anticompetitive practice is injurious to the Nation's forest products industry and should be eliminated.

Another practice that would be phased out by my bill is third party substitution. Federal regulations allow log export companies that are restricted from purchasing Federal timber to buy Federal timber from other companies, referred to as third parties, to replace timber from private lands that is exported.

This bill requires the Secretary of Agriculture and the Secretary of Interior to develop coordinated and consistent regulations for the phase out of both direct and indirect substitution. Currently, the Forest Service and the Bureau of Land Management have different regulatory systems that are complex and conflicting. During the preparation of new regulations, such issues as the value of tributary areas, the geographical areas from which logs flow to mills, should be analyzed. The intent of my legislation is not to prohibit the use of public timber in all cases by a company that exports private timber. Reasonable tributary boundaries should be established in limited cases where a log flow between different timbershed areas is not economical or logical.

The Forest Service estimates that roughly 147 million board feet of logs are being replaced by substitution. These are enough logs to keep four medium-sized mills operating in my State of Oregon. In an era of short timber supply for Northwest mills, it is not sound policy for us to be shipping those unprocessed logs overseas. I do not believe it is sound public policy nor does it make economic sense to be exporting a commodity in short supply. Other timber producing countries have strict regulations on the export of logs. For example, the Province of British Columbia requires logs to be processed before they leave British Columbia. Other provinces in Canada have similar laws. Indonesia, which used to be the largest exporter of logs to Japan, has imposed very strict regulations and is now one of the largest exporters of plywood to Japan. This illustrates that countries that restrict exports of logs do not eliminate job opportunities but instead create jobs for value added wood products.

Mr. President, I believe these two log export bills will enable both the States and Federal government to develop cohesive and consistent policies governing the export of logs from Federal and State lands. A shortage of timber in the Pacific Northwest is a reality and I believe will be even further aggravated in the years to come. Restricting log exports is an important step in addressing Oregon's timber supply problems.

Mr. President I ask unanimous consent that the text of these two bills and a section-by-section analysis be printed in the RECORD.●

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 754

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act shall be cited as the "Federal Timber Export Restriction Act of 1989".

SEC. 2. Notwithstanding the Act of April 12, 1926 (44 Stat. 242) and except as permitted by section 4 of this Act, no person who acquires, either directly or indirectly, unprocessed timber originating from Federal lands shall—

(1) export such timber from the United States;

(2) sell, trade, exchange, or otherwise convey such timber to any other person for the purpose of exporting such timber from the United States; or

(3) use, or assist or conspire with any other person to use, such timber in substitution for unprocessed timber originating from private lands exported or to be exported from the United States.

SEC. 3. (a) Each person who acquires, either directly or indirectly, unprocessed timber originating from Federal lands shall report the disposition of such timber to the Secretary of Agriculture or the Secretary of the Interior at such time and in such manner as the Secretaries may require under the regulations they prescribe pursuant to section 7 of this Act.

(b) Each person who sells, trades, exchanges or otherwise conveys unprocessed timber originating from Federal lands to another person shall specifically identify the origin of such timber, and the person to whom such timber is conveyed shall acknowledge receipt of such origin identification and shall agree in writing to comply with the prohibitions in paragraphs (1) and (2) of section 2 of this Act.

(c) Using the information the Secretaries collect pursuant to this section each Secretary shall annually report to the Congress on the disposition of unprocessed timber originating from federal lands. The Secretary of Agriculture may meet this requirement by including such information pertaining to the National Forest System as part of the annual report required by section 8(c) of the Forest and Rangeland, Renewable Resources Planning Act of 1974, as amended (88 Stat. 478 16 U.S.C. 1606).

SEC. 4. This Act shall not apply to specific quantities of grades and species of unprocessed timber from Federal lands which the Secretary of Agriculture and the Secretary of the Interior determine to be surplus to domestic manufacturing needs.

SEC. 5. (a) For the purposes of this Act—

(1) "person" means an individual, partnership, corporation, association, or other legal entity and shall include subcontractors and any subsidiary, parent company, or other affiliate;

(2) "Federal lands" means lands administered by the Secretary of Agriculture or the Secretary of Interior and located west of the 100th meridian in the contiguous 48 states;

(3) "private lands" means lands held or owned by a person and does not include lands held or owned by the United States, a State or political subdivision thereof, or any other public agency, or lands held in trust by the United States for Indians; and

(4) "acquire" means to come into possession of, either directly or indirectly, through a sale, trade, exchange, or other transaction.

(b) For the purposes of section 5(a)(1) of this Act, persons are affiliates of each other if, directly or indirectly, (1) either one controls or has the power to control the other, or (2) a third person controls or has the power to control both. In determining whether persons are affiliates, all appropriate factors shall be considered including, but not limited to, common ownership, common management, and contractual relationships.

SEC. 6. Any person who violates this Act, or counsels, procures, solicits, or employs any other person to violate this Act, may be assessed a civil penalty by the appropriate Secretary of not more than $10,000 for each violation.

SEC. 7. Any person who knowingly violates this Act, or counsels, procures, solicits, or employs any other person to violate this Act, shall upon conviction, be fined not more than triple the gross value of the unprocessed timber originating from Federal lands which was exported.

SEC. 8. Within one year after the date of enactment of this Act, the Secretary of Agriculture and the Secretary of the Interior shall, in consultation, each prescribe new coordinated and consistent regulations to implement this Act on lands which they administer. Such new regulations shall not apply to valid contracts in existence on the date such new regulations become effective.

SEC. 9. Section 2 of the Act of April 12, 1926, as amended (82 Stat. 966, 84 Stat. 1817) is hereby repealed.

SECTION-BY-SECTION ANALYSIS OF FEDERAL LOG EXPORT BILL

Section 1. Provides that this bill will be referred to as the "Federal Timber Export Restriction Act of 1989".

Section 2. Places prohibition on those who purchase federal timber either directly or indirectly.

Section 3. Requires a system to be developed to track the disposition of unprocessed timber originating from federal lands.

Section 4. Permits the Secretary of Agriculture and the Secretary of Interior to determine quantities of grades and species of logs which are surplus to domestic manufacturing needs.

Section 5. Defines various terms that limit the scope of the bill to lands administered by the Secretary of Agriculture or the Secretary of Interior and located west of the 100th meridian in the contiguous 48 states.

Section 6. Establishes civil penalties for violation of this Act.

Section 7. Establishes fines for persons who knowingly violate this Act.

Section 8. Requires the Secretaries of Agriculture and Interior to develop within 1 year of enactment, new coordinated and consistent regulations to implement this Act. The new regulations would not apply to valid contracts in existence on the date new regulations become effective. This would allow for an orderly phase out of direct and indirect substitution.

Section 9. Repeals section 2 of the Act of April 12, 1926 which restricted the exportation of unprocessed timber from Federal lands during 1969-1973. Since this provision has expired, it would be repealed.

S. 755

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY OF STATES TO PROHIBIT OR RESTRICT EXPORTS OF UNPROCESSED LOGS.

(a) AUTORITY TO PROHIBIT OR RESTRICT EXPORTS OF UNPROCESSED LOGS.—Each State may by statute prohibit or restrict the exportation from the United States of any unprocessed logs harvested from land owned or administered by that State.

(b) DEFINITIONS.—For the purpose of subsection (a)

(1) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, and any other territory or possession of the United States; and

(2) the term "unprocessed log" shall have the meaning given to such term by the State involved.

SEC. 2. EFFECTIVE DATE.

This Act shall take effect on January 1, 1990.

SECTION-BY-SECTION ANALYSIS OF STATE LOG EXPORT BILL

Section 1. Provides states the authority to prohibit or restrict the export of logs from state owned lands.

Section 2. States that this Act shall take effect on January 1, 1990.●

● Mr. BAUCUS. Mr. President, I am extremely pleased to cosponsor Senator PACKWOOD's bill making the ban on exporting unprocessed timber from Federal lands permanent. Maintaining jobs in Montana and all of rural America is extremely important. In the West, many of these jobs are related to processing timber from Federal lands. Why export jobs?

I am concerned about continuing a trade restriction, but in this case I feel we are justified. Japan, Korea, and Taiwan have trade barriers against imports of processed wood products to protect their wood products industry which import logs from the United States. We need this legislation as leverage to assist us in negotiating a trade agreement to open these markets to U.S. lumber and plywood.

Since 1973, exporting logs harvested from Federal lands in the Western States has been prohibited. The ban has been passed as an annual amendment to the Interior appropriations bill.

This bill will close a loophole in the annual export ban called "third party substitution." This loophole has allowed some timber companies to export private logs they were supposed to process at home. These exporters then could purchase Federal timber from nonexporters to replace the private logs they shipped. The end result was a loss of jobs. It also created a larger demand for scarce Federal timber.

I would like to thank Senator PACKWOOD for the opportunity to cosponsor this important bill to keep jobs for Americans. As chairman of the Senate Finance Committee's International Trade Subcommittee, I look forward to working with him to open foreign markets for our processed timber products, so that we can export lumber rather than jobs.

Mr. President, I am also delighted to cosponsor Senator PACKWOOD's bill to authorize States to enact statues to prohibit exports of unprocessed logs harvested from land owned by States.

In States where jobs related to processing logs from State land are important, this bill is key. It will give the people of the State the ability to prohibit the export of unprocessed logs and keep jobs at home. This decision should be made within the States. This bill will allow that.

In Montana, jobs are important and we are trying to create jobs not export them. I am glad that Montanans will be able to make this decision under this bill.

I would like to thank the distinguished Senator from Oregon for the opportunity to cosponsor this bill.●

● Mr. BURNS. Mr. President, in the mountain west, jobs are always on our minds. One looks for big ways and little ways to effect the creation of jobs in the small population Western States—or at least hold onto those jobs we have.

Two bills being introduced today by Senator PACKWOOD, on which I'm pleased to be a cosponsor, contributes to the saving of jobs and the production of some new jobs in timber States like Montana and Oregon.

The Federal Timber Export Restriction Act of 1989 prohibits the export of raw timber cut from Federal lands. The processing of these logs, the turning of these logs into wood products, ought to be American jobs. In essence, this bill prohibits the export of wood products jobs—at least those jobs utilizing logs cut on Federal lands. We have several firms in Montana successfully exporting manufacturing wood products, a practice that saves jobs, yet reduces the trade deficit.

The companion bill will allow the various States, if they wish, to prohibit the export of unprocessed logs cut from State-owned forests. This is a States rights provision and the States are best able to determine the jobs consequences to the wood products industry that uses logs cut from State-owned lands.

Nothing in these proposals effects logs cut from private lands.

Mr. President, if export of unprocessed logs cut on Federal lands is permitted, I believe it will mean further export of jobs to other nations. In Montana, we can't stand the export of a lot more jobs.●

By Mr. THURMOND (for himself and Mr. BRADLEY):

S. 756. A bill to make the temporary suspension of duty on menthol feedstocks permanent; to the Committee on Finance.

PERMANENT DUTY FREE TREATMENT OF MENTHOL FEEDSTOCKS

Mr. THURMOND. Mr. President, I rise today to introduce a bill which would permanently suspend the duty on certain menthol feedstocks. Senator BRADLEY has joined as a cosponsor of this bill. These feedstocks are utilized by domestic manufacturers to produce synthetic menthol. At this time, there are no domestic producers of these feedstocks. Therefore, a duty affords no protection to any chemical manufacturer in the United States. To the contrary, it imposes unnecessary economic burden on the U.S. menthol industry by increasing production costs.

To relieve this unnecessary burden, I introduced a bill in 1983 to temporarily suspend the duty on menthol feedstocks. That legislation was ultimately incorporated into the Miscellaneous Tariff Act of 1984 which became law in October 1984. It provided for the suspension of this duty until December 31, 1987.

In 1986, I introduced legislation to extend the duty suspension; however, no action was taken. In 1987, I introduced a bill to further extend the duty suspension of menthol feedstocks. This measure was included in the Omnibus Trade and Competitiveness Act of 1988 and provided for the suspension of the duty until December 31, 1990.

This bill, that I am introducing today, is different from the previous bills in that it will permanently suspend the duty on menthol feedstocks. This relief is warranted in light of the fact that the American menthol market has not significantly changed since 1984 when the duty was first suspended. As I stated before, there are still no American producers of menthol feedstocks. Consequently, the only domestic producer of synthetic menthol must continue to import crucial raw materials and compete with foreign, cheaply produced menthol products in both domestic and international markets. Although, the price of menthol has increased over the past several years, subsidized foreign men-

thol imports continue to make meaningful competition difficult.

Mr. President, this bill will assist one American company in competing against foreign manufacturers without adversely affecting domestic industry. Further, it will help preserve the American menthol industry and American jobs. I hope that this legislation will be considered swiftly. I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 756

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMANENT DUTY-FREE TREATMENT.

Subchapter II of chapter 29 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new subheading with an article description having the same degree of indentation as the article description for subheading 2906.14.00:

"2906.17.00	Mixtures containing not less than 90 percent by weight of stereoisomers of 2-isopropyl-5-methyl-cyclohexanol, but containing not more than 20 percent by weight of any one such stereoisomer.	Free	45%".

SEC. 2. CONFORMING AMENDMENT.

Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by striking out heading 9902.29.05.

By Mr. BENTSEN:

S. 757. A bill to redesignate the Federal hydropower generating facilities located at Dam B on the Neches River at Town Bluff, TX, as the "Robert Douglas Willis Hydropower Project;" to the Committee on Energy and Natural Resources.

ROBERT DOUGLAS WILLIS HYDROPOWER PROJECT

● Mr. BENTSEN. Mr. President, I introduce today a resolution to redesignate the hydropower generating facilities at Dam B on the Neches River at Town Bluff, TX, as the "Robert Douglas Willis Hydropower Project." It is altogether fitting that this hydropower facility carry Robert Douglas Willis' name. He was executive director of the Sam Rayburn Municipal Power Agency, local sponsors of the hydropower project. Many persons involved in Federal power supply in Texas give him credit for having pursued relentlessly the goal of reliable power supply through Federal hydropower development, which finally led to a non-Federal funding concept. Those at the Sam Rayburn Municipal Power Agency, the Sam Rayburn Dam Electric Cooperative, the Sam Rayburn G&T, and the Sam Houston Electric Cooperative, and others in the Federal power industry know this as the "Town Bluff Funding Concept." This is now principally relied upon by the Corps of Engineers for water resource funding throughout the United States. This is part of his generous legacy to us.

Robert Douglas Willis passed away in May of last year. Before he died, he shared with us much of his talent and wisdom. He was a country lawyer. The people of Polk County, TX, appreciated his work as a lawyer in their community. Yet, he was more than that. He was a public service-minded man. He was a churchman. Often we do not mark the lives of those ordinary giants among us who leave this world a far better place than they found it. By renaming this hydropower facility after that ordinary giant, Robert Douglass Willis, we are honoring not only his family and his memory, but we are also paying tribute to our own capacity to appreciate others, to celebrate genius, and to reward public service.

Mr. President, I urge the Senate to pass this resolution without delay. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 757

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION. 1. REDESIGNATION OF HYDROPOWER FACILITIES.

The Federal hydropower generating facility located at Dam B on the Neches River at Town Bluff, Texas, is redesignated as the "Robert Douglas Willis Hydropower Project".

SEC. 2. REFERENCES.

Any reference in a law, rule, map, document, record, or other paper of the United States to the Federal hydropower generating facilities located at Dam B on the Neches River at Town Bluff, Texas, shall be deemed to be a reference to the "Robert Douglas Willis Hydropower Project".●

By Mr. LAUTENBERG:

S. 758. A bill to require the Secretary of the Treasury to monitor the adherence by certain U.S. corporations to principles of nondiscrimination and freedom of opportunity in employment practices in Northern Ireland; to the Committee on Governmental Affairs.

NONDISCRIMINATION IN EMPLOYMENT AND EQUALITY OF OPPORTUNITY IN NORTHERN IRELAND

● Mr. LAUTENBERG. Mr. President, I rise to introduce legislation to put the Nation on record in favor of nondiscrimination in employment and equality of opportunity in the workplaces of Northern Ireland. While this legislation parallels legislation enacted in New Jersey, similar laws have been passed in Connecticut, Massachusetts, Rhode Island, New York, Illinois, Michigan, Minnesota, Maine, and Florida.

This bill requires the Treasury Secretary to determine whether any Federal pension or annuity dollars are invested in United States companies doing business in Northern Ireland, and whether those companies adhere to the MacBride Principles, as clarified, a code of fair employment practices. The principles call on companies to, among other things, increase the numbers of Catholics in their work force, ban provocative religious and political emblems from the workplace, and use their best efforts to guarantee security for employees at work.

If the Secretary of the Treasury finds that a company in which Federal pension or annuity funds are invested is not in compliance with the MacBride Principles, the bill then requires a response by the Executive Director of the Federal Retirement Thrift Investment Board, who controls Federal pension and annuity funds invested in private companies. Where necessary, appropriate, and consistent with prudent standards for fiduciary practice, the Executive Director must initiate and support shareholder petitions for the MacBride Principles.

This bill has a simple purpose. It will put America on record in favor of equality of job opportunity in Northern Ireland, where currently, the unemployment rate for Catholic males is twice that of Protestant males. That rate is no accident. Discrimination on the basis of religion remains ingrained in the workplaces of Belfast and other towns. Such discrimination remains despite more than a decade's worth of Government efforts to eliminate it.

I ask unanimous consent that a copy of the bill appear in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 758

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of the Treasury shall conduct an investigation to determine the extent to which the assets of any Federal pension or annuity fund are invested in any United States corporation or its subsidiary which engages in business in Northern Ireland.

(b) The Secretary of the Treasury shall monitor the extent to which corporations and subsidiaries identified under subsection (a) adhere to the principles of nondiscrimination in employment practices and freedom of opportunity in the workplace established and amplified by Sean MacBride and described in section 4.

SEC. 2. Not later than the first business day in January each year, the Secretary of the Treasury shall prepare and transmit to the Congress a report setting forth the findings of the investigations and monitoring carried out under section 1.

SEC. 3. The Executive Director of the Federal Retirement Thrift Investment Board shall, when necessary, appropriate, and consistent with prudent standards for fiduciary practice, initiate and support shareholder petitions or initiatives requiring adherence by the corporations and subsidiaries identi-

fied under section 1(b) which are not in full compliance with the principles referred to in that section.

SEC. 4. The principles which are referred to in section 1 and which are designed to guarantee equal access to regional employment in Northern Ireland are the following:

(1) Increasing the representation of individuals from underrepresented religious groups in the workforce, including managerial, supervisory, administrative, clerical, and technical jobs.

A work force that is severely unbalanced may indicate prima facie that full equality of opportunity is not being afforded all segments of the community in Northern Ireland. Each signatory to the MacBride principles must make every reasonable lawful effort to increase the representation of underrepresented religious groups at all levels of its operations in Northern Ireland.

(2) Adequate security for the protection of minority employees, both at the workplace and while traveling to and from work.

While total security can be guaranteed nowhere today in Northern Ireland, each signatory to the MacBride principles must make reasonable good faith efforts to protect workers against intimidation and physical abuse at the workplace. Signatories must also make reasonable good faith efforts to ensure that applicants are not deterred from seeking employment because of fear for personal safety at the workplace or while traveling to and from work.

(3) The banning of provocative religious or political emblems from the workplace.

Each signatory to the MacBride principles must make reasonable good faith efforts to prevent the display of provocative sectarian emblems at their plants in Northern Ireland.

(4) All job openings should be publicly advertised and special recruitment efforts should be made to attract applicants from underrepresented religious groups.

Signatories to the MacBride principles must exert special efforts to attract employment applications from the sectarian community that are substantially underrepresented in the work force. This should not be construed to imply a diminution of opportunity for other applications.

(5) Layoff, recall, and termination procedures should not in practice favor particular religious groupings.

Each signatory to the MacBride principles must make reasonable good faith efforts to ensure that layoff, recall and termination procedures do not penalize a particular religious group disproportionately. Layoff and termination practices that involve seniority solely can result in discrimination against a particular religious group if the bulk of employees with greatest seniority are disproportionately from another religious group.

(6) The abolition of job reservations, apprenticeship restrictions, and differential employment criteria, which discriminate on the basis of religion or ethnic origin.

Signatories to the MacBride principles must make reasonable good faith efforts to abolish all differential employment criteria whose effect is discrimination on the basis of religion. For example, job reservations and apprenticeship regulations that favor relatives of current or former employees can, in practice, promote religious discrimination if the company's work force has historically been disproportionately drawn from another religious group.

(7) The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills or minority employees.

This does not imply that such programs should not be open to all members of the work force equally.

(8) The establishment of procedures to assess, identify, and actively recruit minority employees with potential for further advancement.

This section does not imply that such procedures should not apply to all employees equally.

(9) The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting up of timetables to carry out affirmative action principles.

In addition to the above, each signatory to the MacBride principles is required to report annually to an independent monitoring agency on its progress in the implementation of these principles.●

By Mr. BAUCUS (for himself, Mr. CONRAD, Mr. PRESSLER, Mr. DURENBERGER, and Mr. HARKIN):

S. 759. A bill to amend the Rural Electrification Act of 1936 to establish that it is a major mission of the Rural Electrification Administration to ensure that all rural residents, businesses, industries, and public facilities obtain affordable access, on an equal basis with urban areas, to telecommunications services, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL ACCESS TO TELECOMMUNICATIONS SERVICES ACT

Mr. BAUCUS. Mr. President, over the past 8 years, our economy has developed a split personality.

We have enjoyed an unprecedented boom on both coasts. But the economy has been like a piece of swiss cheese, with holes in that prosperity.

Today, much of the heartland of America—and particularly the agricultural, timber, and mining States—is deeply distressed.

Since 1980, rural unemployment has soared and rural incomes have fallen. As a result, people are moving out. Rural America is losing its most valuable resource—its people.

In Montana, our basic industries—agriculture, timber, and mining—have lost 12,000 jobs.

Paychecks have fallen by 25 percent.

And 29,000 more people moved out of Montana than moved in.

Why is this happening?

Part of the answer is cyclical. Part of it is structural. But another part of it is that rural America has been victimized by Federal policies.

Laissez-faire policy has turned rural America into the forgotten America. Its concerns were completely ignored by the previous administration.

While urban areas were bustling with prosperity, rural areas were starved of every essential tool to foster growth.

Deregulation of the banking industry is channeling capital from rural to urban centers, so that small town entrepreneurs can't get a loan to start their new businesses.

Deregulation of the airlines has forced rural communities to endure unstable and expensive service. Getting from here to there is a major undertaking.

Deregulation of the telephone industry has prevented rural areas from benefiting by the latest telecommunications services.

We, in Congress, must act in a bipartisan fashion to turn this situation around. We have a responsibility to help rural America diversify and get back into the economic mainstream.

As a first step, I am introducing legislation that will bring state-of-the-art telecommunications services to rural areas.

Today, urban areas are undergoing a dramatic transition into the information age. Experts predict that by the year 2000, 66 percent of the American work force will be employed in information services. From 1970 to 1980, some 90 percent of the new jobs created involved information and services activities.

To date, rural America has been left out of the benefits of this new age. It simply does not have the technology required for full participation. For example, many rural areas do not have essential private lines, touchtone phones, nor digital switching.

I believe telecommunications is the highway of the future for rural America. And just as the Federal Government made sure that the highway system and electricity were part of the economic infrastructure of rural America many years ago, so it now must ensure that telecommunications capabilities are part of that infrastructure in the future.

That is why I am introducing this legislation. It will provide an essential tool to foster diversification and prosperity.

Specifically, my legislation, the Rural Access to Telecommunications Act of 1989, will establish a rural telecommunications incentive fund at the Rural Electrification Administration. The fund will be used to provide low-interest loans to co-ops, and other telephone companies which provide service in rural areas, for the purpose of bringing state-of-the-art telecommunications services to rural residents, businesses, hospitals, and schools, by the year 1994.

State-of-the-art telecommunications services include: First, voice telephone service; second, private—not multiparty—telephone service; third, reliable facsimile document and data transmission; fourth, competitive long distance carriers; fifth, cellular (mobile) telephone service; sixth,

touchtone services; seventh, custom calling services, such as three-way calling, call forwarding, and call waiting; eighth, voicemail services designated to record, store, and retrieve voice messages; ninth, 911 emergency service with automatic number identification; tenth, the ability of schools, hospitals, and other public facilities to send and retrieve audio and visual signals; and eleventh, such other telecommunications and information services as become generally available in urban areas.

The Federal Government would appropriate $30 million for the fund during each of the next 5 years for this purpose.

In addition, the legislation will fund 10 pilot projects across the country for the purpose of testing the feasibility of using advanced telecommunications technologies to transmit or receive business, or other data, to and from rural communities.

Mr. President, I urge my colleagues to support this legislation. Congress must act affirmatively, as we have done in the past, to bring rural America out of its current depression.

Mr. President, I ask unanimous consent that the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 759

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Access to Telecommunications Services Act of 1989".

SEC. 2. FINDINGS.

Congress finds that—

(1) in almost every major respect rural areas have fallen behind urban areas during the 1980's;

(2) more than 500,000 people are now leaving rural counties each year;

(3) the rural unemployment rate (which has historically been below the urban rate) is now higher;

(4) the gap between urban and rural incomes has widened and rural poverty rates are now substantially above metropolitan area rates;

(5) there is a serious danger that rural communities will be increasingly isolated from the economic mainstream of the United States as the result of—

(A) deregulation of transportation services, which has resulted in many rural communities being cut off from affordable air, bus, and other transportation services; and

(B) the fact that rural employment is disproportionately concentrated in industries such as agriculture, resource extraction, and low skill manufacturing that have suffered during the 1980's and are not likely to result in major increases in employment and wealth in the foreseeable future;

(6) telecommunications are the highways of the future that can eliminate much of the disadvantage associated with the remoteness that is a part of rural life;

(7) recent studies have shown that investment in both business and residential telecommunications contributes to economic growth, with the greatest benefits occurring in the most remote areas;

(8) unfortunately, many rural communities do not have access to modern telecommunications technologies, such as digital switching and fiberoptics;

(9) it is critically important that this problem be remedied or rural America will not be able to fully participate in the increasing proportion of business activity related to, or dependent on, modern high capacity telecommunication services and facilities; and

(10) a rural telecommunications deficiency is particularly troubling because, far from being a disadvantage, telecommunications (a factor that can eliminate much of the disadvantage of distance) must be a major asset in promoting rural growth.

SEC. 3. RURAL ACCESS TO TELECOMMUNICATIONS SERVICES.

The Rural Electrification Act of 1936 (7 U.S.C. 901 et. seq.) is amended by adding at the end thereof the following new title:

"TITLE V—RURAL ACCESS TO TELECOMMUNICATIONS SERVICES

"SEC. 501. GOALS.

"It is the goal of the United States acting through the Rural Electrification Administration to make universal and affordable state-of-the-art telecommunications access available to rural residents, businesses, industries, and other facilities (including hospitals and schools) by 1994, through services such as—

"(1) voice telephone service;

"(2) private (not multiparty) telephone service;

"(3) reliable facsimile document and data transmission;

"(4) competitive long distance carriers and value-added data networks;

"(5) cellular (mobile) telephone service;

"(6) multifrequency tone signaling services, such as touchtone services;

"(7) custom-calling services (including three-way calling, call forwarding, and call waiting);

"(8) voicemail services designed to record, store, and retrieve voice messages;

"(9) 911 emergency service with automatic number identification;

"(10) the ability of schools, hospitals, and other public facilities to send and receive audio and visual signals in cases where such ability will enhance the quality of services provided to rural residents; and

"(11) such other telecommunications and information services as become generally available in urban areas.

"SEC. 502. RURAL TELECOMMUNICATIONS INCENTIVE FUND; LOANS.

"(a) IN GENERAL.—There is established in the Treasury of the United States a trust fund, to be known as the 'Rural Telecommunications Incentive Fund' to serve as a source of capital for providing improved telecommunications to rural businesses, industries, and public facilities, including schools and hospitals.

"(b) LOANS.—

"(1) IN GENERAL.—The Administrator shall use the Incentive Fund to provide loans to—

"(A) entities providing (on the date of enactment of this section) telephone service to a rural area; and

"(B) rural telephone systems eligible for financing under this Act to provide modern telecommunications services referred to in section 501 to rural businesses, industries, and public facilities, including schools and hospitals.

"(2) REPAYMENT TERMS.—A loan made under this subsection shall be for such repayment terms as are consistent with other loans made under this Act to telephone systems.

"(3) INTEREST RATE.—

"(A) IN GENERAL.—Except as provided in paragraph (B), a loan made under this subsection shall bear interest at a rate determined by the Administrator on a case-by-case basis, except that such rate shall be less than 5 percent, but not less than 2 percent, per annum.

"(B) ADJUSTMENT.—Beginning not earlier than 5 years after the date the Administrator makes a loan to a borrower under this subsection, the Administrator may increase the rate established under subparagraph (A) for the loan, if the return to the borrower from facilities constructed through the use of funds provided by this section to provide telecommunications services described in section 501 is sufficient to enable the borrower to cover such higher rate, except that such rate shall not exceed 5 percent per annum.

"(4) PRIORITY OF PROJECTS.—In providing loans under this subsection, the Administrator shall give priority to—

"(A) projects that provide telecommunications services described in section 501, to enhance the potential for rural economic development or community improvement or viability; and

"(2) projects for which the investment required cannot produce an adequate return to the borrower without such assistance.

"(c) RETAINING PAYMENTS.—All repayments on loans made under subsection (b) shall be retained by the Incentive Fund and available for use by the Incentive Fund. All amounts held by the Incentive Fund shall accrue interest to the Incentive Fund.

"(d) FULL USE.—The Administrator shall make full use during each fiscal year of all amounts placed in the Incentive Fund, including all funds appropriated to the Fund and all funds from repayments on loans made under subsection (b) and any accrued interest.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $30,000,000 for each of the fiscal years 1990 through 1994.

"SEC. 503. PILOT PROJECTS.

"(a) IN GENERAL.—The Administrator shall provide grants to persons to conduct pilot projects to test the feasibility of using advanced telecommunications technologies to transmit and receive communications for business or other entities in rural areas of the United States.

"(b) REQUIREMENTS.—In carrying out subsection (a), the Administrator shall require that—

"(1) pilot programs are operated in 10 regions in the United States;

"(2) a variety of rural businesses (such as manufacturing, services, and small business incubators) be included in the pilot program; and

"(3) persons that receive funding shall report to the Administrator within 18 months of receiving funding on the feasibility of each pilot program.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for each of the fiscal years 1990 through 1994.

"SEC. 504. EQUALIZING ACCESS TO ADVANCED TECHNOLOGICAL SYSTEMS.

"(a) REPORT.—The Administrator shall submit an annual report to Congress on the gap in access to advanced telecommunications systems, if any, that exists on a State-

by-State basis between subscribers served by borrowers from the Incentive Fund established in section 502(a) compared to the total telephone industry.

"(b) SPECIAL UNIT.—

"(1) IN GENERAL.—The Administrator shall establish a special unit to be comprised of no less than 10 percent of the man-years devoted to the telephone program established by this Act to assist rural telephone systems in eliminating the technology gap referred to in subsection (a), particularly as such gap relates to rural businesses, by encouraging the use of technologies such as digital switching, satellite, and fiberoptics to provide telecommunications services described in section 501.

"(2) REPORT.—The Administrator shall submit an annual report to Congress on the activities of the special unit referred to in paragraph (1), including an analysis by the director of such unit as to any impediments (financial, technological, or other) that prevent improved rural telecommunications, and an identification and analysis of the options for addressing such impediments.".

SEC. 4. REPORTING ON DIFFERENCES BETWEEN RURAL AND URBAN TELECOMMUNICATIONS SERVICES.

(a) DEFINITIONS.—As used in this section:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Rural Electrification Administration.

(2) COMMISSION.—The term "Commission" means the Federal Communications Commission.

(b) IN GENERAL.—Each telecommunications exchange carrier shall submit an annual report to the Administrator or the Commission, as determined jointly by the Administrator and the Commission, on—

(1) the type of telecommunications services (including services described in section 501 of the Rural Electrification Act of 1936 (as added by section 3 of this Act)) available to subscribers; and

(2) the price of such services to subscribers.

(c) COMPILING INFORMATION.—The Administrator or the Commission shall require each such carrier to report (for communities of various population sizes using standard census categories)—

(1) the number of telecommunications subscribers (analyzed on the basis of factors such as whether such subscribers are a residence, business, or other facility) that are served through fiberoptics and other technologies; and

(2) the number of such subscribers receiving each of services described in section 501 of the Rural Electrification Act of 1936.

(d) COOPERATION ON REPORT.—The Administrator and the Commission shall cooperate in carrying out subsections (b) and (c) by—

(1) jointly developing a common survey form;

(2) sharing information received from such survey; and

(3) reporting annually and in detail on the results of such survey, in order to demonstrate the degree of progress in providing advanced telecommunications services to rural areas.

SEC. 5. INTEREST RATE ON INSURED LOANS.

Section 305(b) of the Rural Electrification Act of 1936 (7 U.S.C. 935(b)) is amended—

(1) by striking out "or" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof the following new paragraph:

"(3) could not receive a return from an investment to provide telecommunications services described in section 501 that is sufficient to cover expenses and pay the debt service costs of a loan that bears an interest rate of 5 percent per annum.".

● Mr. CONRAD. Mr. President, I am pleased to rise today as an original cosponsor of Senator BAUCUS' Rural Access to Telecommunications Services Act of 1989. Senator BAUCUS has distinguished himself as a leader on a number of issues that are critical to rural areas: Fighting for protection of the Essential Air Service Program; working to ensure that rural hospitals keep their doors open and attract physicians and other health professionals; and, promoting the interests and development of small businesses, who work so hard to stay alive. I am happy to join him in this important effort to bring state-of-the-art telecommunications technology to rural areas.

This legislation would establish a Rural Telecommunications Incentive Fund within the Rural Electrification Administration. The Fund would provide low-interest loans to co-ops and other telephone service providers in rural areas. The legislation would also fund 10 pilot projects across the country to test the use of advanced telecommunications technologies to transmit and receive communications for businesses or other entities in rural areas.

Mr. President, I know the importance of advanced telecommunications in rural areas. The service sector—with services for industries like insurance, finance, travel, and telecommunications—offers unique opportunities for rural areas. These businesses are starting to look to rural America as a place to locate branches, especially since computer technology makes it easy to link distant operations. Without advanced telecommunications systems, however, these businesses would not have the satisfactory technology to accommodate their needs.

North Dakota has begun to reap the benefits of service sector jobs location. A Philadelphia travel agency, Rosenbluth Travel, decided to help a rural area suffering from the effects of last summer's devastating drought. The resources they were looking for?—long-distance telephone lines and data processing hook-ups. After surveying a number of possible sites, Rosenbluth decided to open a temporary office in Linton, ND, an area very affected by the drought. Hal Rosenbluth had over 90 applicants for his 20 positions, and decided to hire 40 part-time workers. Rosenbluth Travel has recently announced that the office will be a permanent one, an announcement that was most welcomed by Linton residents.

North Central Data Cooperative is another example of the effect technology can have on rural areas. Located in Mandan, ND, NCDC does data management for hundreds of clients. NCDC was formed in 1966 by a group of rural electric and telephone co-ops—they now serve more than 101 systems.

The key to attracting and fostering businesses like Rosenbluth Travel and NCDC is a state-of-the-art telecommunications system. North Dakota telephone cooperatives are working to maintain state-of-the-art systems, but they, and other telephone service providers in rural areas, need help. An advanced telecommunications system must underlie efforts to diversify the economy of rural America. Innovative entrepreneurs could be halted without communications technology; hospitals and physicians are cut off from important links with urban hospitals and medical schools; teachers and students are denied access to educational tools.

Mr. President, this legislation is an important rural development initiative; I ask my colleagues to carefully consider this bill and urge its quick passage.●

By Mr. MITCHELL (for himself, Mr. DOLE, Mr. DODD, Mr. BENTSEN, Mr. BREAUX, Mr. DASCHLE, Mr. GRAHAM, Mr. KERRY, Mr. KERREY, Mr. PELL, Mr. ROBB, Mr. SANFORD, Mr. SASSER, Mr. BOSCHWITZ, Mr. BURNS, Mr. CHAFEE, Mr. COATS, Mr. COCHRAN, Mr. COHEN, Mr. D'AMATO, Mr. DANFORTH, Mr. DOMENICI, Mr. GARN, Mr. HATCH, Mr. HEINZ, Mrs. KASSEBAUM, Mr. LUGAR, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Mr. MURKOWSKI, Mr. RUDMAN, Mr. SIMPSON, Mr. THURMOND, Mr. PRYOR, Mr. INOUYE, and Mr. LEVIN):

S. 760. A bill to implement the bipartisan accord on Central America of March 24, 1989; by unanimous consent, referred jointly to the Committee on Appropriations and the Committee on Foreign Relations.

IMPLEMENTATION OF BIPARTISAN ACCORD ON CENTRAL AMERICA

Mr. MITCHELL. Mr. President, today I'm pleased to join the distinguished Republican leader in introducing a bill to implement the bipartisan agreement on Central America. This bill will provide continued humanitarian aid to the Nicaraguan Resistance while supporting of the courageous efforts of the Central American Presidents to find a negotiated diplomatic settlement of the conflict that has so devastated their region.

This legislation is the result of a great many hours of work by Members on both sides of the aisle. I commend the President and the Secretary of State for their willingness to join with the Congress in meaningful consultation to resolve a policy debate which for most of this decade has been the subject of bitter division. And I con-

gratulate the many Members of Congress, Democrats and Republicans, Senators and Representatives, who toiled tirelessly to help achieve the bipartisan agreement that was the basis for this legislation.

Mr. President, this bill places the United States squarely in support of the peace and democratization process that was undertaken by the Central American presidents at Esquipulas and which was recently reinforced in El Salvador. This legislation provides $49.7 million in humanitarian assistance to the Nicaraguan Resistance through February 28, 1990, shortly after the date that new elections are scheduled to be held in Nicaragua. This humanitarian assistance also may be used for the voluntary reintegration or regional relocation of members of the resistance in a manner supportive of the Central American presidents' plan for implementing a peaceful solution to the regional fighting.

This is an important bill with respect to both the formulation of our overall foreign policy and the specifics of United States policy in Central America. If we have learned anything from the divisions in this decade over Central America, it should be that in our democracy no public policy can be sustained over time unless it is clearly stated and broadly supported. This legislation establishes the framework for such a policy in regard to Central America. Both the administration and the Congress deserve credit for recognizing the need for a unified bipartisan policy and responding in a positive and constructive way.

I believe the policy embodied by the agreement and this bill to be that best calculated to achieve our common objectives in the region. I trust the President and the Secretary of State to implement this legislation in a manner which achieves our goal of helping the people of Central America in their search for peace, justice, and the right to democratically determine their own future.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 760

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. POLICY.

The purpose of this Act is to implement the Bipartisan Accord on Central America between the President and the Congress signed on March 24, 1989.

SEC. 2. ADDITIONAL HUMANITARIAN ASSISTANCE.

(a) TRANSFER OF FUNDS.—The President may transfer to the Agency for International Development, from unobligated funds from the appropriations accounts specified in section 6—

(1) up to $49,750,000, to provide humanitarian assistance to the Nicaraguan Resistance, to remain available through February 28, 1990;

(2) such funds as may be necessary to provide transportation in accordance with section 3 for assistance authorized by paragraph (1); and

(3) not to exceed $5,000,000 to "Operating Expenses of the Agency for International Development" to meet the necessary administrative expenses to carry out this Act.

(b) DEFINITION.—For purposes of this section and section 3, the term "humanitarian assistance" means—

(1) food, clothing, and shelter;

(2) medical services, medical supplies, and nonmilitary training for health and sanitation;

(3) nonmilitary training of the recipients with respect to their treatment of civilians and other armed forces personnel, in accordance with internationally accepted standards of human rights;

(4) payment for such items, services, and training;

(5) replacement batteries for existing communications equipment; and

(6) support for voluntary reintegration of and voluntary regional relocation by the Nicaraguan Resistance.

SEC. 3. TRANSPORTATION OF HUMANITARIAN ASSISTANCE.

(a) IN GENERAL.—The transportation of humanitarian assistance on or after the date of enactment of this Act which, before such date, was specifically authorized by law to be provided to the Nicaraguan Resistance, or which is authorized to be provided by section 2, shall be arranged solely by the Agency for International Development in a manner consistent with the Bipartisan Accord on Central America between the President and the Congress signed on March 24, 1989.

(b) PROHIBITION ON MIXED LOADS.—Transportation of any military assistance, or of any assistance other than that specified in 2(b), is prohibited.

SEC. 4. MEDICAL ASSISTANCE.

The President may transfer, in addition to funds transferred prior to March 31, 1989, to the Administrator of the Agency for International Development from unobligated funds from appropriations accounts specified in section 6, up to $4,166,000, to be used only for the provision of medical assistance for the civilian victims of the Nicaraguan civil strife to be transported and administered by the Catholic Church in Nicaragua.

SEC. 5. UNITED STATES POLICY CONCERNING ECONOMIC ASSISTANCE FOR CENTRAL AMERICA.

As part of an effort to promote democracy and address on a long-term basis the economic causes of regional and political instability in Central America—

(1) in recognition of the recommendations of groups such as the National Bipartisan Commission on Central America, the Inter-American Dialogue, and the Sanford Commission,

(2) to assist in the implementation of these economic plans and to encourage other countries in other parts of the world to join in extending assistance to Central America, and

(3) in the context of an agreement to end military conflict in the region,

the Congress encourages the President to submit proposals for bilateral and multilateral action—

(A) to provide additional economic assistance to the democratic countries of Central America to promote economic stability, expand educational opportunity, foster progress in human rights, bolster democratic institutions, and strengthen institutions of justice;

(B) to facilitate the ability of Central American economies to grow through the development of their infrastructure, expansion of exports, and the strengthening of increased investment opportunities;

(C) to provide a more realistic plan to assist Central American countries in managing their foreign debt; and

(D) to develop these initiatives in concert with Western Europe, Japan, and other democratic allies.

SEC. 6. SOURCE OF FUNDS; AND LIMITATION.

(a) SOURCE OF FUNDS.—The appropriations accounts from which funds shall be transferred pursuant to sections 2 and 4 are the following accounts in amounts not to exceed the following:

(1) Missile Procurement, Army 1988, $3,500,000.

(2) Procurement of Weapons and Tracked Combat Vehicles, Army 1987, $12,739,000.

(3) Other Procurement, Army 1988, $761,000.

(4) Research, Development, Test and Evaluation, Air Force, 1988, $1,902,000.

(5) Weapons Procurement, Navy 1989, $2,000,000.

(6) Research, Development, Test and Evaluation, Navy, 1989, $24,000,000.

(7) Other Procurement, Air Force, 1989, $32,300,000.

(b) LIMITATION ON OBLIGATIONS.—Of the funds transferred under section 6(a), not more than $66,616,000 may be obligated.

SEC. 7. PROHIBITION ON THE USE OF CERTAIN FUNDS.

(a) MILITARY OPERATIONS.—No funds available to any agency or entity of the United States Government under this Act may be obligated or expended pursuant to section 502(a)(2) of the National Security Act of 1947 for the purpose of providing funds, materiel, or other assistance to the Nicaraguan Resistance to support military or paramilitary operations in Nicaragua.

(b) HUMAN RIGHTS AND OTHER VIOLATIONS.—No assistance under this Act may be provided to any group that retains in its ranks any individual who has been found to engage in—

(1) gross violations of internationally recognized human rights (as defined in section 502(B)(d)(1) of the Foreign Assistance Act of 1961); or

(2) drug smuggling or significant misuse of public or private funds.

SEC. 8. STANDARDS, PROCEDURES, CONTROLS AND OVERSIGHT.

(a) ACCOUNTABILITY STANDARDS, PROCEDURES, AND CONTROL.—In implementing this Act, the Agency for International Development, and any other agency of the United States Government authorized to carry out activities under this Act, shall adopt the standards, procedures, and controls for the accountability of funds comparable to those applicable with respect to the assistance for the Nicaraguan Resistance provided under section 111 of the joint resolution making further continuing appropriations for the fiscal year 1988 (Public Law 100-202) and title IX of Public Law 100-463. Any changes in such standards, procedures, and controls should be developed and adopted in consultation with the committees designated in subsection (b).

(b) CONGRESSIONAL OVERSIGHT.—Congressional oversight within the House of Representatives and the Senate with respect to as-

sistance provided by this Act shall be within the jurisdiction of the Committees on Appropriations of the House of Representatives and Senate, the Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, the Permanent Select Committee on Intelligence of the House of Representatives, and the Select Committee on Intelligence of the Senate.

(c) EXTENSION OF PREVIOUS PROVISIONS.—The provisions of the Act of April 1, 1988 (Public Law 100-276) contained in subsection (b), (d), and (e) of section 4 and in section 5 shall apply to the provision of assistance under this Act except that section 4(d) shall not apply to the Intelligence Community.

SEC. 9. PROHIBITION.

Except as provided in this Act, no additional assistance may be provided to the Nicaraguan Resistance, unless the Congress enacts a law specifically authorizing such assistance.

SEC. 10. REPEAL.

Title IX of Public Law 100-463 is hereby repealed.

SEC. 11. REPORTING REQUIREMENTS.

The Secretary of State shall consult regularly with and report to the Congress on progress in meeting the goals of the peace and democratization process, including the use of assistance provided in this act.

Mr. DOLE. Mr. President, let me thank the distinguished majority leader, and I am pleased to join with him in introducing this legislation.

It does reflect a bipartisan accord recently achieved by Central America.

Mr. President, I am pleased to join with the distinguished Majority Leader in introducing legislation reflecting the bipartisan accord recently achieved in Central America.

The President and Secretary Baker have indicated their full backing for this bill. The same language was introduced in the House yesterday, with the sponsorship of the bipartisan leadership. So this is truly a cooperative effort.

This bill will do some of the key things that need to be done. Most important, it will give the President and the Secretary a credible, sustainable policy to work with. It will give them the foundation to conduct a strong diplomacy; to approach the other key players—in the region and around the world; the Central American presidents, the Soviets, our European allies—and say to them: America is ready again to assume a leadership role, over the long haul, in the Central American region.

It will put us on record again as saying we want peace in Central America, and will support efforts to achieve peace if they are realistic and effective; but it equally sends the message that we won't stand for peace at the cost of freedom, but insist on peace with freedom—in Nicaragua, just as in every other nation of the region. More concretely, it will keep the Contras intact, to serve as a continuing point of pressure on the Sandinistas. And, incidentally, this bill will also reduce and streamline some of the burdensome reporting and other requirements that have been built into previous Contra aid legislation.

So, in my view at least, it does some of the essentials, and gives us a fair shot—the best available—to keep the pressure on Managua, and to meet our own goals in Central America.

Let's be candid: This is a compromise, achieved after some hard bargaining. There are some things I would like to have seen in this bill that are not there. There are also a couple of things that are in the bill that I would just as soon were not.

But as Secretary Baker reminded us so often in our discussions on this issue, what is the alternative to achieving this kind of bipartisan accord?

The alternative would have been a continuation of partisan wrangling over this vital national security issue, to the benefit of neither party, and to the detriment of the Nation. The alternative, realistically, would have been no aid to the Contras at all—or at best some small dollop of aid, extended for a brief period, and loaded down with all kinds of additional conditions and qualifications.

I wish there were still better and more direct ways available to keep the pressure on the Sandinistas. But there are not. No matter how much I or others would like to see us keep open the option of more direct and effective support to the Contras, we just do not have the votes to accomplish that.

Finally, that is why the President, the Secretary, House Republicans, and many of us Republicans in the Senate have joined to support this approach.

So I am pleased to be an original sponsor. And I urge all Senators, of both parties, to join us in this endeavor—an effort which can take us beyond the sometimes empty admonition to "give peace a chance," and in fact will give the President the chance—the best available chance—to achieve in Central America our fundamental goals: peace, freedom, and the preservation of our national security interests.

This is a compromise. It is not what this Senator would do if it only took one vote. But it does place the President, President Bush, and Secretary of State Jim Baker in, I think, a very credible position.

It is an indication we want to be players in the region. It is an indication that there is a division of opinion, that a compromise was necessary.

But this package has been well received by Central American leaders and by European leaders. It does have, as I have indicated, the support of the President and the Secretary of State and the support of I think, probably a large percentage of this body.

Now, I am not under any illusions that Daniel Ortega is suddenly going to be a good boy in Central America, going to start believing in freedom and democracy, but all the primary thrust of this package is based on democracy and unless they start moving in that direction, certain things will not happen.

So in my view, and I know some of my colleagues on this side, do not feel it going far enough, they would like to have military aid, they believe that the Contras will be the losers in this process, and that is why I would want to make it clear that there are some of us who would like a stronger package, some of us would like to see more done with even humanitarian aid. Some would like to see lethal aid, but the votes are not there.

So I think the Secretary of State Jim Baker, and the President, George Bush, they are realistic, they understand the parameters, they understand the opposition, particularly on the Democratic side in the House and the Senate, and this is a good beginning. If it does not work, we will be back.

I hope that it works. I hope there is democratization in Nicaragua, and I hope this will also mean that we might work on a bipartisan basis in El Salvador, because we are going to have difficulties there.

So I thank the majority leader and I thank Members on both sides who spent many, many hours in consultations on the drafting of the legislation, and I would hope that we can now—maybe not now, but maybe tomorrow, get a time agreement so we could dispose of this matter in 2 or 3 hours on Thursday because let us keep in mind that on April 15, as I understand it, the Contras go on half rations. So there is some urgency and I know next week the distinguished majority leader has already indicated he wants to take up the FSLIC bill and that will probably take 3 full days.

So I would hope that my colleagues, even though some may not be in total agreement with the package, will be willing to help us on the time agreement.

I do believe that the majority leader is setting just the right precedent in sequential referral of this bill to both Foreign Relations and Appropriations.

I believe there will be a hearing tomorrow afternoon in the Foreign Relations Committee and the fact that we are only going to have a hearing and no markup, as we indicated in the request made, does not set any precedent.

So I again thank the majority leader and all others who helped on this legislation.

By Mr. DOMENICI (for himself, Mr. WALLOP, Mr. DURENBERGER, Mr. HATCH, Mr. COATS, and Mr. GRASSLEY):

S. 761. A bill to provide Federal assistance in developing adequate child care for the Nation's children, and for other purposes; to the Committee on Finance.

CHILD CARE ASSISTANCE ACT OF 1989

● Mr. DOMENICI. Mr. President, I am pleased to introduce the Child Care Assistance Act of 1989. This legislation proposes a comprehensive package of initiatives that I believe will go far to help American families meet their child care needs.

This bill addresses America's most pressing child care need by providing considerable Federal assistance to low-to-moderate income families to help them afford the high cost of child care. By providing families with refundable tax credits, this legislation enables us to target assistance to families most in need, but in a way that allows parents to decide how best to care for their children.

Combined with this tax credit proposal are several other provisions designed to help increase employer-sponsored child care options, and to help States address the particular child care challenges they face. These provisions will help improve the quality and availability of a growing variety of child care options from which families can choose.

This legislation represents something of a consensus package, put together by myself, and several of my colleagues in both the Senate and the House of Representatives. I would like to thank Senators WALLOP, DURENBERGER, HATCH, COATS, and GRASSLEY who have worked with me on this bill, and who are cosponsors. I would also like to commend Rep. TOM TAUKE, and several other Members of the House who have worked with us on this bill and who will be introducing the same measure today.

Mr. President, the inability of many young families to afford the high costs of raising their children is a serious national problem. In introducing this bill, we are stating clearly that the Federal Government can, and should, assist families with child care.

However, the way we assist families is of great importance. The approach to child care assistance advanced in this bill represents a united statement about the principles we believe should guide Federal policy to help families with child care.

The first is that assistance ought to be given directly to parents. Parents are the best at assuring their children will receive the highest quality care their family can afford. Federal assistance should, as it does in this bill, focus primarily upon helping families afford better care.

Second, Federal assistance ought to serve to improve child care options for parents. Contrary to the impression many may have, parents are not all flocking to day care centers. In fact, only about 12 percent of pre-school-age children are cared for in centers.

The striking characteristic of American child care demographics is the desire by parents to have a diverse set of care options from which they can choose. We should, as this bill does, try to help improve the choices available for parents, as well as improve the ability of parents to seek out care and to obtain care at their workplace.

Federal assistance ought to be flexible enough to accommodate the growing diversity in American families' needs and circumstances. Whether parents prefer care by a friend or relative, religiously affiliated care, center-based care, or some combination thereof, we should assure parents have maximum choice.

The third point I want to make is related to the second. Government assistance for child care should go to all families in need, regardless of the care arrangements parents choose or whether or not both parents work.

Parents differ in how they would like their children cared for, and how they should balance work with their children. All choices involve sacrifice.

In fact, it should be noted that parents who choose to stay at home with their children do so at tremendous economic sacrifice. Two-parent, one-earner families make, on average, about $13,000 less than do two-parent, two-earner families. These are very profound choices for families to make; government ought not to bias these decisions.

Fourth, the setting of licensing standards for child care facilities ought to be left to the States. Stiffer requirements mean higher costs for, and reduced accessibility to, care and do not always mean improved quality. States should—and already do—evaluate the balance that best meets their particular needs and circumstances.

The fifth and final point that helped guide this legislation is that, given limited Federal resources for assisting parents with child care, assistance ought to be targeted to those most in need.

Mr. President, the bill we are introducing today proposes to help substantially many young families with the high costs of child care by granting them a refundable tax credit of up to $1,000 for each of their pre-school-age child. Since the credit would be refundable, families can receive the benefit even if they do not incur income tax liability.

It is interesting to note that over the past few decades the Tax Code has accommodated the costs of raising children less and less. It is not surprising that more and more families with children struggle to make ends meet and find the care they would like.

I am convinced that the key to addressing America's foremost child care need lies in properly recognizing the costs of raising children in our Tax Code. The proposal we are offering today moves us clearly in the right direction of providing direct tax assistance to families with children.

Using tax credits as a mechanism for assisting families allows us to meet the principles mentioned above very well. Assistance will go directly to parents and will give parents maximum flexibility to choose the care they want. In addition, by making it refundable, we can target assistance to those families most in need.

In addition to this tax credit, the legislation would expand the current State Dependent Care Block Grant Program to help States address a wide array of child care needs. This block grant will give States the ability and flexibility to help assure child care service options keep growing and improving.

The bill also includes provisions to directly address needs associated with providing child care. Employers are given tax incentives to provide child care assistance to their employees, and assistance is given to help States establish liability insurance pools and revolving loan funds that can be used to help providers meet accreditation and licensing standards.

Mr. President, I hope Senators will look at this bill and I hope the Senate will adopt child care legislation that adheres to the principles put forth in this bill.

I ask unanimous consent that a copy of this bill and a summary be printed in the RECORD.●

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 761

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Child Care Assistance Act of 1989".

TITLE I—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

Subtitle A—Young Child Tax Credit

SEC. 101. YOUNG CHILD TAX CREDIT.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. YOUNG CHILD TAX CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an individual who has 1 or more qualifying children, there is allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of so much of the taxpayer's earned income for the taxable year as does not exceed $10,000.

"(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means the sum of—

"(A) 12 percent, plus

"(B) 6 percent for each of the qualifying children in excess of 1.

"(b) LIMITATIONS; PHASE-OUT OF CREDIT.—

"(1) DOLLAR LIMITATION.—The amount of the credit allowed under subsection (a) for any taxable year shall not exceed—

"(A) $1,000 in the case of an individual with 1 qualifying child,

"(B) $1,500 in the case of an individual with 2 qualifying children, and

"(C) $2,000 in the case of an individual with 3 or more qualifying children.

"(2) PHASE-OUT OF CREDIT.—The amount of the credit under subsection (a) shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $10,000.

"(c) COORDINATION WITH DEPENDENT CARE CREDIT.—No credit shall be allowed under subsection (a) unless the taxpayer elects under section 21(f) not to have the credit under section 21 apply for the taxable year.

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFYING CHILD.—The term 'qualifying child' means a child—

"(A) who qualifies the taxpayer as an eligible individual under section 32, and

"(B) who has not attained the age of 5 before the close of the taxable year.

"(2) EARNED INCOME.—The term 'earned income' has the meaning given such term by section 32(c)(2).

"(3) ADVANCE PAYMENT.—For purposes of sections 32(g) and 3507, and any provision relating to such sections, the credit allowable under subsection (a) shall be treated as allowable under section 32.

"(4) OTHER RULES MADE APPLICABLE.—Rules similar to the rules of subsections (d), (e), (f), and (h) of section 32 shall apply.".

(b) CLERICAL AMENDMENT.—The table sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 35 and inserting in lieu thereof the following new items:

"Sec. 35. Young child tax credit.

"Sec. 36. Overpayments of tax.".

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (4) of section 6201(a) of such Code (relating to assessment authority) is amended—

(A) by striking out "or section 32 (relating to earned income)" and inserting in lieu thereof ", section 32 (relating to earned income), or section 35 (relating to young child tax credit)", and

(B) by striking out the caption and inserting in lieu thereof the following:

"(4) OVERSTATEMENT OF CERTAIN CREDITS.—".

(2) Section 6513 of such Code (relating to time return deemed filed and tax considered paid) is amended by adding at the end thereof the following new subsection:

"(f) TIME TAX IS CONSIDERED PAID FOR DEPENDENT CARE SERVICES CREDIT.—For purposes of section 6511, the taxpayer shall be considered as paying an amount of tax on the last day prescribed for payment of the tax (determined without regard to any extension of time and without regard to any election to pay the tax in installments) equal to so much of the credit allowed by section 35 (relating to young child tax credit) as is treated under section 6401(b) as an overpayment of tax.".

(3) Subsection (d) of section 6611 of such Code is amended by striking out the caption and inserting in lieu thereof the following:

"(d) ADVANCE PAYMENT OF TAX, PAYMENT OF ESTIMATED TAX, CREDIT FOR INCOME TAX WITHHOLDING, AND YOUNG CHILD TAX CREDIT.—".

(4) Section 21 of such Code is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) ELECTION.—A taxpayer may elect (at such time and in such manner as the Secretary may prescribe) not to have this section apply for any taxable year.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1989.

Subtitle B—Incentives for Employer Provided Child Care

SEC. 111. CREDIT FOR EMPLOYER EXPENDITURES FOR CERTAIN DEPENDENT CARE ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end thereof the following new section:

"SEC. 43. DEPENDENT CARE ASSISTANCE PROGRAM CREDIT.

"(a) IN GENERAL.—For purposes of section 38, the amount of the dependent care assistance program credit determined under this section for the taxable year shall be an amount equal to 10 percent of the qualified dependent care assistance program expenditures for such taxable year.

"(b) QUALIFIED DEPENDENT CARE ASSISTANCE PROGRAM EXPENDITURES.—For purposes of this section, the term 'qualified dependent care assistance program expenditures' means the aggregate amount of expenditures paid or incurred by the taxpayer during the taxable year in providing for or contributing to a dependent care assistance program (within the meaning of section 129(d)).

"(c) DEFINITIONS.—For purposes of this section—

"(1) DEPENDENT CARE ASSISTANCE.—The term 'dependent care assistance' means the payment of, or provision of, those services which if paid for by the employee would be considered employment-related expenses under section 21(b)(2) with respect to a qualifying individual (as defined under section 21(b)(1)(A)).

"(2) EMPLOYEE.—The term 'employee' includes an employee within the meaning of section 401(c)(1).

"(3) EMPLOYER.—An individual who owns the entire interest in an unincorporated trade or business shall be treated as his own employer. A partnership shall be treated as the employer of each partner who is an employee within the meaning of paragraph (2).

"(d) SPECIAL AGGREGATION AND ALLOCATION RULES.—For purposes of this section—

"(1) AGGREGATION OF EXPENDITURES.—

"(A) CONTROLLED GROUP OF CORPORATIONS.—In determining the amount of the credit under this section—

"(i) all members of the same controlled group of corporations shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such member shall be its proportionate share of the qualified employee assistance program expenditures giving rise to the credit.

"(B) COMMON CONTROL.—Under regulations prescribed by the Secretary, in determining the amount of the credit under this section—

"(i) all trades or businesses (whether or not incorporated) which are under common control shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such trade or business shall be its proportionate share of the qualified employee assistance program expenditures giving rise to the credit.

The regulations prescribed under this subparagraph shall be based on principles similar to the principles which apply in the case of subparagraph (A).

"(2) ALLOCATIONS.—

"(A) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

"(B) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

"(3) CONTROLLED GROUP OF CORPORATIONS.—The term 'controlled group of corporations' has the same meaning given to such term by section 1563(a), except that—

"(A) 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a)(1), and

"(B) the determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of section 1563.

"(e) NO DOUBLE BENEFIT.—No credit or deduction under any other provision of this chapter shall be allowed to a taxpayer for the taxable year for any expenditure with respect to which a credit is allowed under this section for such year.".

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of such Code is amended—

(A) by striking out "plus" at the end of paragraph (4),

(B) by striking out the period at the end of paragraph (5), and inserting in lieu thereof a comma and "plus", and

(C) by adding at the end thereof the following new paragraph:

"(6) the employee assistance program credit determined under section 43.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1989.

SEC. 112. STUDY OF BARRIERS TO CHILD CARE SERVICES PROVIDED BY EMPLOYERS.

The Secretary of Labor shall conduct a study of the barriers that prevent or impede employers from providing child care services for the benefit of their employees. Not later than 540 days after the date of the enactment of this Act, the Secretary shall submit, to the Committee on Education and Labor of the House of Representatives, and to the Committee on Labor and Human Resources of the Senate, a report containing—

(1) a summary of the results of such study, and

(2) the recommendations of the Secretary regarding the removal of such barriers and the need for incentives to encourage employers to provide such child care services.

TITLE II—BLOCK GRANTS TO STATES FOR ACTIVITIES RELATING TO DEPENDENT CARE SERVICES

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

Section 670A of the State Dependent Care Development Grants Act (42 U.S.C. 9871) is amended by striking out "1989, and 1990" and inserting in lieu thereof "and 1989, and $300,000,000 for each of the fiscal years 1990 through 1992".

SEC. 202. USE OF ALLOTMENTS.

Section 670D of the State Dependent Care Development Grants Act (42 U.S.C. 9874) is amended to read as follows:

"USE OF ALLOTMENTS

"SEC. 670D. (a) Amounts paid to a State under section 670C may be used for the planning, development, establishment, expansion, or improvement by the States, directly or by grant or contract with public or private entities, of dependent care service activities. Such program may include—

"(1) activities to provide consumer education to enable individuals to select high quality dependent care services;

"(2) State and local resource and referral systems to provide information regarding the availability, types, costs, and locations of dependent care services of licensed providers;

"(3) loans or grants to establish child care services to be provided on school days in public or private schools or community centers, to school-age children before or after the school session;

"(4) training programs for providers of child care services and their employees;

"(5) recruiting and training programs for individuals who are not less than 55 years of age to qualify such individuals to provide child care services;

"(6) providing scholarships to low-income individuals who provide child care services, to enable such individuals to pay the education costs (including the cost of application, assessment, and credentialing) to obtain a nationally recognized child development associate credential;

"(7) projects to provide child care services for children who are sick and temporarily unable to continue to participate in their regular child care programs;

"(8) projects to provide dependent care services for dependents of individuals who work during nontraditional times of the day, week, or year;

"(9) grants or loans to nonprofit dependent care providers to enable such providers to comply with any applicable requirements for licensing to provide dependent care services;

"(10) activities designed to expand the availability and affordability of liability insurance for providers of dependent care services;

"(11) training and technical assistance for dependent care providers to improve the ability of such providers—

"(A) to use effective budget and accounting procedures;

"(B) to take full advantage of beneficial tax laws;

"(C) to reduce liability risks;

"(D) to comply with health and safety requirements;

"(E) to detect communicable diseases;

"(F) to detect and to prevent the abuse of dependents; and

"(G) to take any other actions designed to improve the quality of the dependent care services it provides;

"(12) projects and activities designed to meet the needs of special populations for dependent-care services, including dependents who are homeless, migrant, disabled, abused, neglected, or children of minors; and

"(13) any other project or activity that is designed to improve the quality, availability, or affordability of dependent care services.

"(b) A State shall not use amounts paid to it under this section to—

"(1) make cash payments to intended recipients of dependent care services, including child care services;

"(2) subsidize the direct provision of dependent care services, including child care services;

"(3) pay for the costs of construction; or

"(4) satisfy any requirements for the expenditures of non-Federal funds as a condition for the receipt of Federal funds.

"(c)(1) The Federal share of the cost of any project or activity carried out under this subchapter may not exceed 70 percent of the cost of such project or activity.

"(2) The non-Federal portion of such cost shall be paid with funds from non-Federal services.

"(3) Not more than 10 percent of the allotment under this subchapter to a State may be expended for administrative costs incurred to carry out this subchapter.

"(c) The Secretary may provide technical assistance to States in planning and operating projects and activities to be carried out under this subchapter.".

SEC. 203. TECHNICAL AMENDMENTS.

(a) DEFINITION OF STATE.—

(1) ALLOTMENTS.—Section 670B of the State Dependent Care Development Grants Act (42 U.S.C. 9872) is amended by striking out "Virgin Islands, the Trust Territory of the Pacific Islands" and inserting in lieu thereof "Virgin Islands of the United States, the Marshall Islands, the Federated States of Micronesia, Palau".

(2) DEFINITIONS.—Section 670G(10) of the State Dependent Care Development Grants Act (42 U.S.C. 9877(10)) is amended—

(A) by striking out "each" and inserting in lieu thereof "any"; and

(B) by striking out "Virgin Islands, the Trust Territory of the Pacific Islands" and inserting "Virgin Islands of the United States, the Marshall Islands, the Federated States of Micronesia, Palau".

(b) EXPIRED PROVISION.—Section 670E(c) of the State Dependent Care Development Grants Act (42 U.S.C. 9875(c)) is amended by striking out the last sentence.

SEC. 204. REPORTS.

Section 670F of the State Dependent Care Development Grants Act (42 U.S.C. 9876) is amended to read as follows:

"REPORTS

"SEC. 670F. (a) Each State that receives a grant under this subchapter shall submit such reports relating to the use for which such grant is expended, as the Secretary may require by rule. Each such report shall be submitted at such time, in such form, and containing such information as the Secretary may require.

"(b) The Secretary shall submit annually a report, to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate, describing the programs carried out by the States with grants received under this subchapter.".

SEC. 205. DEFINITIONS.

Section 670G of the State Dependent Care Development Grants Act (42 U.S.C. 9877) is amended—

(1) in paragraph (2)(A) by striking out "17" and inserting in lieu thereof "14";

(2) by redesignating paragraphs (7) through (11) as paragraphs (9) through (13), respectively; and

(3) by inserting after paragraph (6) the following new paragraphs:

"(7) the term 'low-income individual' means an individual whose annual income is less than 150 percent of the poverty line;

"(8) the term 'poverty line' has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) and includes any revision required by such section;".

SEC. 206. SHORT TITLE.

Section 670H of the State Dependent Care Development Grants Act (42 U.S.C. 9801 note), is amended by striking out "Development" and inserting in lieu thereof "Block".

SEC. 207. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on October 1, 1989.

(b) APPLICATION OF AMENDMENTS.—The amendments made by this title shall not apply with respect to any fiscal year beginning before the effective date of this title.

TITLE III—CHILD CARE LIABILITY RISK RETENTION GROUP

SEC. 301. PURPOSE.

It is the purpose of this title—

(1) to increase the availability of child care by alleviating the serious difficulty faced by child care providers in obtaining affordable liability insurance; and

(2) to provide States with a sufficient capital base for liability insurance purposes that may be increased or maintained through mechanisms developed by the State.

SEC. 302. FORMATION OF CHILD CARE LIABILITY RISK RETENTION GROUP.

(a) ASSISTANCE IN FORMATION AND OPERATION OF GROUP.—Any State may assist in the establishment and operation of a child care liability risk retention group in the manner provided under this title.

(b) CHILD CARE LIABILITY RISK RETENTION GROUP DEFINED.—For purposes of this title, the term "child care liability risk retention group" means any corporation (or other limited liability association)—

(1) whose members are child care providers licensed or accredited pursuant to State or local law or standards; and

(2) which otherwise satisfies the criteria for a risk retention group under section 2(4) of the Liability Risk Retention Act of 1986 (15 U.S.C. 3901(4)).

SEC. 303. STATE APPLICATIONS.

(a) APPLICATIONS.—To qualify for assistance under this title, a State shall submit an application to the Secretary of Health and Human Services (hereinafter referred to in this title as the "Secretary"), at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require, including a State plan that meets the requirements of subsection (b) of this section.

(b) STATE PLANS.—

(1) LEAD AGENCY.—The plan shall identify the lead agency that has been designated and that is to be responsible for the administration of funds provided under this title.

(2) PARTICIPANTS IN RISK RETENTION GROUP.—The plan shall provide that all participants in the child care liability risk retention group are child care providers who are licensed or accredited pursuant to State or local law or standards. In addition, the plan shall provide for maximum membership of family-based child care providers in the group.

(3) USE OF FUNDS.—The plan shall provide that the State shall use at least the amount allotted to the State in any fiscal year to establish or operate a child care liability risk retention group.

(4) CONTINUATION OF RISK RETENTION GROUP.—The plan shall set forth provisions that specify how the child care liability risk retention group will continue to be financed after fiscal year 1992, including financing through contributions by the State or by members of such group.

SEC. 304. FEDERAL ENFORCEMENT.

(a) REVIEW OF PLANS.—The Secretary shall review and approve State plans submitted in accordance with this title and shall monitor State compliance with the provisions of this title.

(b) FINDING OF NONCOMPLIANCE.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds—

(1) that there has been a failure to comply substantially with any provision or any requirements set forth in the State plan of that State; or

(2) that there is a failure to comply substantially with any applicable provision of this part,

the Secretary shall notify such State of the findings and of the fact that no further payments may be made to such State under this title until the Secretary is satisfied that there is no longer any such failure to comply, or that the noncompliance will be promptly corrected.

SEC. 305. AUTHORIZATION.

(a) AUTHORIZATION OF APPROPRIATIONS.—To carry out the provisions of this title, there are authorized to be appropriated $75,000,000 for fiscal year 1990.

(b) AMOUNTS TO REMAIN AVAILABLE.—The amounts appropriated pursuant to subsection (a) shall remain available for assistance to States for fiscal years 1990, 1991, and 1992 without limitation.

SEC. 306. RESERVATIONS FOR TERRITORIES AND ADMINISTRATIVE COSTS.

From the sums appropriated to carry out the provisions of this title for each fiscal year, the Secretary shall reserve—

(1) 1 percent for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs; and

(2) 3 percent for the administrative costs of carrying out the provisions of this title.

SEC. 307. ALLOTMENTS TO STATES.

(a) IN GENERAL.—The Secretary shall make an allotment to each State not referred to in section 306 for each fiscal year from the sums appropriated to carry out the provisions of this title for such fiscal year.

(b) ALLOTMENT FORMULA.—

(1) IN GENERAL.—The amount of each State's allotment under subsection (a) shall be equal to the product of—

(A) an amount equal to the sums appropriated to carry out the provisions of this title for each fiscal year minus the amount reserved pursuant to section 306 for such fiscal year; and

(B) the percentage described in paragraph (2).

(2) PERCENTAGE.—The percentage referred to in paragraph (1)(B) is a percentage equal to the quotient of—

(A) an amount equal to the number of children under 13 years of age living in the State involved, as indicated by the most recent data collected by the Bureau of the Census; divided by

(B) an amount equal to the number of children under 13 years of age living in the United States, as indicated by the most recent data collected by the Bureau of the Census.

(c) STATE ADMINISTRATIVE COSTS.—Of the amount allotted to a State pursuant to subsection (a), an amount not to exceed 10 percent shall be used by such State to provide for the administrative costs of carrying out such program.

SEC. 308. PAYMENTS.

(a) ENTITLEMENT.—Each State having a plan approved by the Secretary under this title shall be entitled to payments under this section for each fiscal year in an amount not to exceed its allotment under section 307, to be expended by the State under the plan for the fiscal year for which the grant is to be made.

(b) METHOD OF PAYMENTS.—The Secretary may make payments to a State in installments, and in advance or, subject to the requirement of section 304, by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

(c) STATE SPENDING OF PAYMENTS.—Payments to a State from the allotment under section 307 for any fiscal year must be expended by the State in that fiscal year or in the succeeding fiscal year.

TITLE IV—REVOLVING LOAN FUND

SEC. 401. PURPOSE; DEFINITIONS.

(a) PURPOSE.—It is the purpose of this title to—

(1) increase the availability of family-based child care by enabling family-based child care providers to meet accreditation or licensing standards; and

(2) provide States with a sufficient capital base to make loans that may be increased or maintained through mechanisms developed by the State.

(b) DEFINITIONS.—As used in this title:

(1) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

(2) STATE.—The term "State" means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

SEC. 402. STATE APPLICATIONS.

(a) SUBMISSION OF APPLICATION.—

(1) FORM OF APPLICATION.—To qualify for assistance under this title, a State shall submit an application to the Secretary, at such time, in such manner, and providing such information as the Secretary may require, including a plan which meets the requirements of paragraph (2).

(2) QUALIFYING FOR LOAN.—The State shall submit a plan which sets forth procedures and requirements whereby any person desiring to make capital improvements to the principal residence of such person (within the meaning of section 1034 of the Internal Revenue Code of 1986) in order to become a licensed or accredited family-based child care facility, pursuant to State or local law or standards, may obtain a loan from the State revolving loan fund (hereinafter called the "fund"). Such fund shall be administered by the State and shall provide loans to qualified applicants, pursuant to the terms and conditions established by such State, in an amount, determined by such State, which is not in excess of $1,500.

(b) STATE PLAN.—

(1) ESTABLISHMENT OF FUND.—The State shall provide in its plan, that such State has established a revolving loan fund, and has provided procedures whereby—

(A) moneys are transferred to such fund to provide capital for making loans;

(B) interest and principal payments on loans and any other moneys, property, or assets derived from any action concerning such fund are deposited into such fund;

(C) all loans, expenses, and payments pursuant to the operation of this title are paid from such fund;

(D) loans made from such fund are made to qualified applicants for capital improvements to be made so that such applicant may obtain a State or local accreditation or a license for a family-based child care facility; and

(E) the plan shall set forth provisions that specify how any such revolving loan fund will continue to be financed after fiscal year 1991, such as through contributions by the State or by some other entity.

(2) QUALIFICATIONS.—Such plan shall also set forth procedures and guidelines to carry out the purposes of this title, including provisions that will assure that only applicants who obtain a license or accreditation for a child care facility in accordance with the provisions of State or local law or standards, benefit from loans made available pursuant to the provisions of this title.

SEC. 403. AUTHORIZATION.

(a) AUTHORIZATION OF APPROPRIATIONS.—To carry out the provisions of this title, there are authorized to be appropriated $25,000,000 for fiscal year 1990.

(b) AMOUNTS TO REMAIN AVAILABLE.—The amounts appropriated pursuant to subsection (a) shall remain available for assistance to States for fiscal years 1990, 1991, and 1992 without limitation.

SEC. 404. RESERVATIONS FOR TERRITORIES AND ADMINISTRATIVE COSTS.

From the sums appropriated to carry out the provisions of this title in each fiscal year, the Secretary shall reserve—

(1) 1 percent for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs; and

(2) 3 percent for the administrative costs of carrying out the provisions of this title.

SEC. 405. ALLOTMENTS TO STATES.

(a) IN GENERAL.—The Secretary shall make an allotment to each State not referred to in section 404 for each fiscal year from the sums appropriated to carry out the provisions of this title for such fiscal year.

(b) ALLOTMENT FORMULA.—

(1) IN GENERAL.—The amount of each State's allotment under subsection (a) shall be equal to the product of—

(A) an amount equal to the sums appropriated to carry out the provisions of this title for each fiscal year minus the amounts reserved pursuant to section 404 for such fiscal year; and

(B) the percentage described in paragraph (2).

(2) PERCENTAGE.—The percentage referred to in paragraph (1)(B) is a percentage equal to the quotient of—

(A) an amount equal to the number of children under 12 years of age living in the State involved, as indicated by the most recent data collected by the Bureau of the Census; divided by

(B) an amount equal to the number of children under 12 years of age living in the United States, as indicated by the most recent data collected by the Bureau of the Census.

(c) STATE ADMINISTRATIVE COSTS.—Of the amount allotted to a State pursuant to subsection (a), an amount not to exceed 10 per-

cent shall be used by such State to provide for the administrative costs of carrying out such program.

THE CHILD CARE ASSISTANCE ACT BILL SUMMARY

TITLE I. TAX CREDIT PROVISIONS

Young child tax credit

This subtitle would create a new, refundable, tax credit targeted at needy families with young children. Providing substantial assistance, this credit attacks directly the nation's principal child care need—the inability of many young families to afford the high costs of raising children. Through this new tax credit these families will be able to access better care for their children, while being allowed to choose for themselves the type of family and care arrangements they most prefer.

Low and moderate income families would receive a new, refundable, Young Child Tax Credit (YCTC) that would supplement families earnings as does the current Earned Income Tax Credit (EITC), and which families could draw upon in monthly installments.

The amount of supplement would be 12% of earned income for one of their children under age 5 and 6% for each of two additional children they have under age 5. The maximum credit would be $1,000 for the first child, and $500 for each additional child.

For incomes above $10,000 the YCTC is phased-out evenly up to incomes of $20,000 for the first child, $25,000 for the second, and $30,000 for the third.

Business tax credit

This subtitle would provide for a modest tax credit to employers who establish child care services for their employees, and calls for a study to examine the barriers businesses face to establishing and providing child care benefits, and to make recommendations.

Provides a tax credit to employers equal to 10% of the employers expenditures in providing for or contributing to a dependent care assistance program. Expenditures could be on on-site day-care services or reimbursements to employees for their own day-care arrangements.

Department of Labor is to conduct a study to examine barriers to increasing employer provided child care.

TITLE II. EXPANDED BLOCK GRANT FOR DEPENDENT CARE SERVICES

This second title would revise and expand the current State Dependent Care Block Grant Program to help states carry out programs to address a wide array of child care-oriented needs. This block grant is currently a small program that helps states establish child care resource and referral systems.

We are proposing expanding authority under this block grant to allow states the flexibility to concentrate on the particular child care problems they face. Generally, though, this expanded assistance would be used to ensure continued growth of child care service options, boost creation of creative, community-based child care options, improve market information for parents seeking child care, and enhance the overall quality of child care services in each state.

Revise current State Dependent Care Development Grant to expand allowable uses of the block grant funds.

Authorization would be increased from $20 million to $300 million.

TITLE III. ELIMINATING LIABILITY BARRIERS

This title helps states establish liability risk pools to help reduce significant and costly barriers to the creation of child care services.

Establish $75 million fund to assist states in establishing liability insurance pools of which any accredited child care provider may be a member.

TITLE IV. REVOLVING LOAN FUND

Provides $25 million to assist states in establishing a revolving loan fund from which family-based providers may borrow to make capital improvements required to meet accreditation or licensing standards.

● Mr. WALLOP. Mr. President, today, I join with several colleagues in introducing the Child Care Assistance Act. This is the revised version of legislation in the last Congress. While my colleague from Utah, Senator HATCH, proposed the first child care reform bill in the early 1980's, the bill I introduced last year was the first to use tax credits to provide real child care reforms. The legislation we are now introducing continues and expands this innovative approach.

Current law provides a very pleasant dependent care tax credit. It can be used by two working parents with incomes well above the national average to offset the cost of organized child care. Many have labeled it a Yuppie benefit since this is the group that mainly benefits from the credit. But, even they are not able to take full advantage of the credit since their expenditures do not hit the cap in the credit. The average credit is about $1,700, though the potential credit is much higher.

There are two deserving groups who receive little or no benefit from the credit. First are those families where one parent has chosen to remain at home to work as a child raiser—without pay. These families receive no benefit from the credit despite the sizable opportunity cost of their decision.

The second family group receiving little assistance is the low-income working family. Such families make up 30 percent of all families, yet they only receive 3.3 percent of the tax credits for child care. Middle and upper income families, which also account for 30 percent of all families, receive 50 percent of all tax credits for child care.

The legislation I introduced last year reversed this bias so that both the low and the upper income family groups each received about 25 percent of the child care tax credits. The bill we are introducing today further improves this ratio. We will have data from the Urban Institute in the near future which will provide the specific tax credit distributions.

We improve the tax credit to direct benefits to low- and moderate-income families. The credit achieves the goals of freedom of choice and fairness. Proponents of the ABC bill, which requires massive Federal intrusion into the workplace, argue that child care requires quality and quantity. Our tax credit does increase resources which meets the quantity goal. The quality goal is attained by increasing funding for the State Dependent Care Block Grant. The States would have more funds to improve the quality and accessibility of child care services. The major difference that sets us apart from the ABC bill is that we require no Federal regulation of child care nor Federal development of services. Regulation is properly left to the States, and the provision of services is left to the private sector.

The total cost of our proposal is about $3 billion. This is similar to the cost of the Bush initiative. We will have more detailed information on the cost when the Senate Finance Committee holds its hearing on child care tax credits next week. There have been a number of child care proposals introduced in this Congress. It will be a lively debate, but I suspect that the end result will be a bill much like we have introduced today. I would urge my colleagues to join us as cosponsors.●

● Mr. DURENBERGER. Mr. President, child care is a critical national concern, both for the welfare and enrichment of our children and for the competitiveness of economy. Today's changing demographics make it imperative that we as a Nation address the family needs of our society and recognize the problems so many parents face when attempting to find quality and affordable child care.

Our children now make up the poorest segment in our society, with over one-fifth of today's children growing up in poverty. Child care is an essential part of the solution of helping poor families become self-sufficient. It is time that we reaffirm our commitment to the value that we place on children and the well-being of our future generations.

That is why I am pleased today to join with my colleagues, Senator DOMENICI, Senator WALLOP, Senator HATCH, and Senator COATS in introducing the Child Care Assistance Act of 1989. Mr. President, you may ask why it is that with the many child care proposals already before the Congress why we need yet another proposal. I am introducing this legislation today because I do not believe that any one of these many proposals truly lays the right foundation on which child care policy will be built upon for a decade or more. Absent from this debate is a comprehensive bill that builds on the fundamental family values and principles that guide the way we care for our children.

This legislation starts from the notion that parents are the ultimate consumers of child care and that the decisions about the care of their chil-

dren is the ultimate responsibility of them as parents. This legislation does not discriminate against families who have made the decision to have one parent stay at home and care for the child. It does not discriminate against parents who choose to have their child provided for in a religious setting of their choice, and it targets funds to those parents most in need—those who are low income and have young children.

I am pleased that the legislation we are introducing today draws heavily on what we have learned over the past year in terms of child care policy as well as what we have learned in terms of legislative policy. One lesson of the last 10 years is that more Federal dollars, mandates, and bureaucrats do not, in and of themselves, solve problems. Experiences has also taught us that partnerships among different levels of governments, the public and private sectors and community groups make the best use of scarce resources and produce the best product. And, we have learned that giving consumers the resources and information they need to make wise choices in the marketplace is the best way to both expand access and improve quality for many public services.

The legislation we are introducing today will improve affordability, availability, and quality of child care services. It would help all low-income families with young children by creating a new young child tax credit that would supplement earned income up to 12 percent for the first child and 6 percent for each additional two children under the age of 5. The credit would be phased out at $20,000 for families with one child, at $25,000 for families with two children and $30,000 for families with three children.

To encourage businesses to take responsibility in meeting the work-family needs of their employees this bill creates a tax credit to employers who provide child care services for their employees. In an effort to increase the efficiency of current business-related tax credits and to encourage creative ways to better involve the business community this bill will ask the Department of Labor to conduct a study to examine the barriers to increasing employer provided child care. I think business has a vital stake in the development of Federal child care policy and that, if business and Government work together to help solve this problem can benefit the whole Nation.

To help address the problems of quality and access, this legislation revises and expands the current State Dependent Care Block Grant Program. Flexibility will be given to the States to concentrate on particular areas of need. Liability risk pools and a revolving loan fund will be established to address the liability problems within the child care industry and to reduce the cost barriers for child care providers.

I do not expect that this legislation will be the end-all in child care. I do, however, believe that it incorporates many of the key principles that need to be included in building the foundation for child care in this country, including recognition of the financial needs of all families, maximizing parental choice, improving quality of services, avoiding discrimination of religious care, encouraging responsibility of employers in meeting work-family needs, and targeting scarce resources to those most in need. It is my hope that all those who share a common commitment to this issue will overcome political considerations and come together to agree on a set of principles that will act as the foundation for Federal child care legislation. I believe we owe that much to the families and children of this country. And, Mr. President, I believe this legislation is a good place to begin.●

● Mr. GRASSLEY. Mr. President, I am pleased to join the Senator from New Mexico as a cosponsor of the Child Care Assistance Act. This bill contains the child care provisions which, I believe, best serve the interests of mainstream America. I am especially pleased to join in this effort with Senator DOMENICI, the Senate sponsor, and with Congressman TAUKE, the House sponsor. I know that they also recognize and support strong family values.

The makeup and needs of American families have experienced many changes. But the passion that parents have for doing a good job of rearing their children has not changed. As policymakers, we must be responsive to these needs.

But, we must also be careful not to overreact. As Federal legislators, we must recognize the vital resources that already exist. We must be careful not to use the child care agenda to exacerbate the growing Federal bureaucracy over which some Members of Congress like to preside.

Child care is one of the foremost concerns expressed by families. It might be tempting to respond to that concern by creating a Federal child care program. Instead, it should be our challenge to legislate a balance between the issues of quality and affordability, without compromising the prerogative of parents in deciding how to raise their children. The Child Care Assistance Act effectively strikes this balance.

It addresses the needs of parents by providing them optimum flexibility. The bill directs benefits specifically to low-income working parents, creating a refundable tax credit to families with young children.

It addresses the needs of child care providers by expanding the current State Dependent Care Block Grant Program. Grants could be used for almost any purpose to improve child care programs and facilities. Administered by the States, it will focus on needs particular to each State.

Another provision is a revolving loan fund. This can be used by family-based providers to assist them in meeting State standards. Liability insurance risk pools would be established and will alleviate costly barriers to sufficient liability insurance.

The final provision of the bill provides tax incentives for businesses to provide child care services for their employees.

Deciding whether to place children in day care can be a difficult ordeal. Almost two-thirds of today's youngsters have mothers in the labor force. Also, economic demands force mothers to return to work much sooner after the birth of a child. Nevertheless, these are family decisions, ones which the Federal Government should acknowledge, but not influence.

Unfortunately, the process is complicated by concern about obtaining affordable, high quality child care. Long waiting lists have become the norm for child care centers. Many parents wait up to a year to obtain an opening at a reputable center. It is especially challenging to obtain child care services in rural areas.

The child care business has many hidden expenses. The block grant section of the bill provides assistance for many of those costs. In particular, these grants would provide seed money to local organizations to encourage child care providers to make the capital improvements necessary to acquire State licensing.

Another provision of the bill would alleviate some of the liability problems of child care providers. By helping States create a liability pool, many of the risks and costs associated with liability insurance would be alleviated.

Of special importance to me, this bill recognizes the prerogative of parenthood. Simply, parents are responsible for their children and know what's best for them. The Federal Government can't interfere with that.

This bill doesn't. Instead, it would allow a refundable child care tax, up to $1,000 per child, for low- and moderate-income families. This credit would go to children and their families. As we well know, nothing and no one can replace a parent's love and attention. This would not discriminate between families who care for their own children or families who have close relatives care for their children. That's the maximum amount of parental flexibility the Federal Government could provide.

Mr. President, I am very pleased to join the Senator from New Mexico, and the others who have joined him

on this bill. This is very important legislation. I hope that my Senate colleagues will give it their full support.●

By Mr. EXON (for himself and Mr. KERREY):

S. 762. A bill to amend chapter 32 of title 39, United States Code, to limit the number of congressional mass mailings, require public disclosure of the costs of such mailings, and for other purposes; to the Committee on Rules and Administration.

LIMITING CONGRESSIONAL MAILINGS

Mr. EXON. Mr. President, with my colleague, Senator BOB KERREY, I am introducing legislation to limit the number of newsletters mailed by Members of Congress to constituents. This is an issue where the Senate has been wrongly targeted for criticism.

Franked mail is a privilege granted to allow each Member of Congress to respond to constituents and keep informed of congressional activities. It is not free. Every single letter, newsletter, postcard is paid for by U.S. taxpayers.

This legislation is straightforward. It is designed to:

First, reduce, by two-thirds, the number of mass mailed newletters a Member of Congress can send annually from six to two and thereby reduce the cost;

Second, require that the House of Representatives begin publicly reporting twice each year how much each Representative spends on mass mailings. The Senate already publishes how much each Senator spends;

Third, divide the joint congressional postage account into two separate accounts, one for the Senate and one for the House of Representative to prevent either side from spending savings generated by the other body; and

Fourth, stipulate that if any Member of the Senate or House of Representatives exceeds their postage allowance they be required to pay the excess with funds from their office payroll account.

This legislation is necessary because the House of Representatives has been overspending the joint postage account. This cannot be allowed, especially in times of tight budgets and enormous Federal budget deficits.

It is important to point out that the House has been permitted to send up to six postal patron mass mailings annually for a number of years. The Senate, in February, voted to adopt the House's six mass mailing rule and to my knowledge no Senator has or is planning to send six postal patron mass mailings annually.

There has been a great deal of misinformation and distortion about the Senate vote. Rather than being interpreted as an effort by the Senate to put the spotlight on how much the House of Representatives has been overspending the joint postage account, it simply drew criticism on the Senate. The House of Representatives escaped responsibility for overspending the joint account. The news media and others have portrayed the Senate vote strictly as a move to increase its own mailing privilege and allowed the House of Representatives, the real culprit of busting the budget on franked mail, to escape public scrutiny.

It is unfortunate that the news media has ignored the reasons behind the Senate vote which, I believe was to, negotiate from a position of strength with the House of Representatives who do not publicly report how much each Representative spends like the Senate does and consistently overspend the joint postage account. I want this overspending by the House of Representatives stopped and I believe the American taxpayers want it stopped.

For the record I have never exceeded the postage allowance allocated for my office. I am proud to have brought my office in under budget every year since being elected to the Senate in 1978. In my 10 years in the Senate I have returned to the Senate more than $2.5 million in funds allocated to operate my office.

Quite frankly, I do my best to hold down expenses and operate my office as efficiently as possible. I hope each Member of Congress and every Federal program and agency would try to operate their office for less than the amount budgeted. If everyone would try to get the job done for less, the Government would make tremendous progress in reducing the Federal deficit.

The Congress has one account to pay postage for newsletters and other franked mail sent by Members of the House of Representatives and the Senate. By informal agreement the one account has been divided equally between the two Houses of Congress. The Senate being allowed to spend up to one-half of the amount and the House permitted to do the same.

The problem with joint account arrangement is that the House of Representatives is overdrawing the account. For example, in 1988 there was $82 million in the joint congressional postage account or $41 million for the Senate and $41 million for the House. In 1988, the Senate produced a $5 million savings by spending only $36 million of the $41 million from its share of the account. The House of Representatives, on the other hand, spent its $41 million share and then overdrew the account by $36 million more for a whopping total of $77 million. At the end of February this year the Senate has spent about $2 million on franked mail, while the House, continuing its tradition, has spent in excess of $8 million. This excessive spending by the House must stop.

The House has abused the one account system by spending the savings produced by the Senate and, even worse, overdrawing the account by more than $30 million last year. The Senate is not going to provide political cover so the House of Representatives can continue to break the bank.

The Senate has been trying to get the House to reduce their overspending, but the House has not cooperated and continued to spend excessive amounts on franked mail. The February 28 Senate vote was a strategic move by the Senate to put the Senate and House on equal ground, threaten the House's ability to send any franked mail and get the House to negotiate.

Granted this was a risky move by the Senate which has drawn criticism and it may not work, but it was worth trying. It is important to note that the Senate vote did not approve any increase in funding. I think the Senate wanted to demonstrate to the House how costly its six newsletter rule is and be able to negotiate changes from a position of strength. This potential cut in the House mailing ability should shock some fiscal sanity into the House to negotiate some real reductions in the postage costs.

The cost of this legislation would be tremendously less than the potential cost of allowing each Member of Congress to send up to six postal patron newsletters. According to estimates this legislation to limit Senators and Members of the House of Representatives to a maximum of two newsletters annually should not cost more than the amount budgeted in 1988 for the joint postage account.

In closing, let me say that I do not have a problem with Members of Congress wanting to send a mailing to their constituents, whether that be the citizens represented by their U.S. Representative or their two U.S. Senators. I have sent an occasional newsletter to Nebraskans and may do so again, but I am very cost conscious and do not send many newsletters because of the cost to the taxpayers.

The legislation I introduced I believe will impose much needed limitations on the Congress to spend less on mass mailings and save the taxpayers money.

I ask that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 762

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 3210 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(h)(1) Notwithstanding any other provision of this section, no Member of Congress, Member-elect to Congress, or other official

to whom the provisions of this section apply may mail more than two usual and customary congressional newsletters as mass mailings and postal patron mailings in any calendar year.

"(2) The Senate Committee on Rules and Administration and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses such rules and regulations and shall take such other action, as the Committee or Commission considers necessary and proper for the Members and Members-elect to conform to the provisions of paragraph (1) and applicable rules and regulations. Such rules and regulations shall include, but not be limited to, provisions defining a postal patron mailing and what matter constitutes a newsletter.

"(3) For purposes of paragraph (1), the term 'mass mailings' shall have the same meaning as such term is defined under subsection (a)(6)(E).

"(i)(1) Each Member of Congress, Member-elect to Congress, and other official to whom the provisions of this section apply shall on the first January 1 following the date of the enactment of this subsection and every 6 months thereafter submit to the Senate Committee on Rules and Administration, or the House Commission on Congressional Mailing Standards, as appropriate, a disclosure statement containing a summary detailing all costs for every mass mailing conducted by such Member of Congress, Member-elect of Congress, or official during the preceding 6-month period. All such statements shall be made available to the public upon request.

"(2) Within 30 days after the submission of the statements described in paragraph (1), the Senate Committee on Rules and Administration and the House Commission on Congressional Mailing Standards shall collect and publish a summary of the information from such statements.

"(3) For purposes of paragraph (1), the term 'mass mailings' shall have the same meaning as such term is defined under subsection (a)(6)(E).".

SEC. 2. Section 3216 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(e)(1) The lump sum appropriation described in subsection (a) shall provide for separate appropriations for the Senate and the House of Representatives for such purpose.

"(2) Any Member of Congress, Member-elect to Congress or other official described under subsection (a)(1)(A) whose spending for franked mail expenses exceeds the postage allowance based on the appropriations described under paragraph (1) and determined by the Senate Committee on Rules and Administration or the House Commission on Congressional Mailing Standards, shall pay such expenses from funds of the office payroll account of such Member, Member-elect, or official.".

By Mr. FORD:

S.J. Res. 98. Joint resolution to establish separate appropriation accounts for the Senate and the House of Representatives for the payment of official mail costs; to the Committee on Rules and Administration.

SEPARATE APPROPRIATION ACCOUNTS FOR MAILING COSTS OF THE SENATE AND THE HOUSE OF REPRESENTATIVES

Mr. FORD. Mr. President, today I am introducing a joint resolution to create separate appropriation accounts for the official mail costs of the Senate and the House of Representatives. This is the second part of a two-part action. The first part was the action that the Committee on Rules and Administration proposed, and the Senate adopted on February 28 as part of Senate Resolution 66, to give Senators the same mailing privileges as Members of the House.

Let me review a little recent history to remind Senators and clarify public understanding of what we did on February 28, and what we hope to accomplish by this joint resolution.

Mr. President, the House and the Senate presently share a joint appropriation for official mail costs. It is a line item in the budget. If anyone wants to check, they can find it in the current budget volume on page 9-6. It is one of eight accounts under the heading "Joint Items." In the budget you will see the budget authority and outlay amounts for 1988 and 1989 and the estimates for 1990 and 1991. They are as follows:

OFFICIAL MAIL COSTS

Fiscal year	Budget authority	Outlays
1988	$82,163,000	$78,483,000
1989	53,926,000	53,926,000
1989 [1]	7,057,000	7,057,000
1990	114,025,000	114,025,000
1991	77,368,000	77,368,000

[1] Proposed supplemental.

The account is administered by the Clerk of the House on behalf of the House and the Senate. Every month the Clerk writes a check to the U.S. Postal Service for one-twelfth of the appropriation. And every 3 months the Postal Service sends the Clerk a statement of the cost of House and Senate mail.

For the benefit of anyone who does not realize that the House and the Senate pay for postage on franked mail, let me state clearly and emphatically that we do. Franked mail is not free. The House and the Senate pay for postage at the very same rates as everyone else; 25 cents for first-class letters and appropriate rates for sorted, quantity mail that qualifies for Postal Service discounts. The Postal Service keeps track of our costs and lets us know each quarter how we are doing.

If at the end of the year, our costs exceed the appropriation, a supplemental is usually required. I say "usually" required because there is a provision in the appropriation language that makes the appropriation for a coming year available to pay current year expenses as soon as the appropriation bill is enacted. But if the deficiency is of any significant amount, taking advantage of that provision to the exclusion of a supplemental action would mean just that much less in the future year.

At this point, let me review how we are doing so far this year. The statement for the first quarter of this year has been received, and it indicates that the House and Senate combined expenses totaled $9,124,275. Based on the first quarter amount and historical trends, the Postal Service estimates that the total for the year will be $83,326,715. Subtracting the appropriation, $53,926,000, reveals a projected deficiency of $29,400,715. The amount of the proposed supplemental in the January budget, $7,057,000, leaves over $22 million of this expected deficiency uncovered.

Mr. President, it is instructive to look at the House and Senate relative shares of this quarter's expenses. The total was $9,124,275. Of that, the Senate expenses were $2,165,639, and the House expenses were $6,958,636, or three times those of the Senate and 76 percent of the total. Frankly, it is not unusual for the House expenses to be more than those of the Senate; in fact, it is the norm, as the following table indicates:

HOUSE AND SENATE EXPENDITURES FOR OFFICIAL MAIL, 1978–1988

[Dollar amounts in millions]

Fiscal year	Total	House		Senate	
		Amount	Percent	Amount	Percent
1978	$48.9	$35.1	72	$13.8	28
1979	42.9	27.7	65	15.2	35
1980	61.9	43.4	70	18.5	30
1981	53.9	29.7	55	24.2	45
1982	100.0	59.9	60	40.1	40
1983	72.4	40.3	56	32.1	44
1984	111.0	67.3	61	43.6	39
1985	85.2	45.3	53	39.9	47
1986	95.9	60.4	63	35.5	37
1987	63.6	44.2	69	19.4	31
1988	113.4	77.9	69	35.5	31

The mere fact that House expenses are more than those of the Senate is in itself very curious. If each body were to mail at the same rate, the Senate would be entitled to twice the amount for the House. This is because the Senate covers the Nation twice and the House once. Or to put it another way, each constituent has two Senators and one Representative. So for the House expenses to be exactly equal to those of the Senate, House Members must mail, on the average, twice as much mail per Member as Senators. And for House expenses to be double those of the Senate, House Members, must mail, on average, four times as much mail per Member as Senators.

Mr. President, let me focus now on the effect that sharing the account with the House on the Senate's efforts at self-restraint. As Senators know, in 1986 the Committee on Rules and Administration became quite concerned about the escalation of official mail

costs. The committee proposed, and the Senate adopted, a procedure under which one-half of the joint appropriation was allocated among Senators in proportion to the population of the States. We realized even then that that there was nothing to prevent the House from spending more than the other half of the appropriation, or even from spending all of it and more for that matter. That is, we realized at the outset that Senate savings could be soaked up by the House.

It was our hope, however, that after the Senate demonstrated the feasibility and effectiveness of allocating the appropriation among Senators, the House would follow our lead. Indeed, every Senate resolution to continue mail cost control in the Senate has urged the House to adopt similar procedures. Such procedures are the only way to ensure that expenses are kept within the bounds of appropriations.

As Senators know, the House has failed to adopt these or other similar procedures. The result was a crisis in the account this year that left Senators without financial resources to send on statewide mailing, while Representatives were still six districtwide mailings to their districts. In response to that situation, the Rules Committee proposed, and the Senate agreed on February 28, 1989, to repeal the Senate's self-imposed restraints and to adopt the same limits applicable to the House; that is, six postal patron mailings, with no limits on town meetings notices or on mailings sent to specific persons and addresses.

Now, Mr. President, I have been reading the press comments about the Senate's action on February 28, and I have been reading my mail, and I have been listening to my colleagues, some of whom are being criticized for voting in favor of the change. Mr. President, no one was or is more concerned than I am about the cost of congressional mail, but it was clear to me that we had reached an intolerable situation. It was intolerable because a dollar saved by the Senate was not really saved at all. It merely freed up that dollar for the other body to spend. And the reduction in the 1989 appropriation to $54 million, in anticipation of using a $27.8 million surplus from 1987, precipitated the crisis in the account I referred to earlier when the House's 1988 expenses, which were $77.9 million or 95 percent of the $82.2 million provided for 1988 for both Houses together, more than wiped out the surplus from 1987.

So, Mr. President, I offer this joint resolution, which provides a framework for both the House and the Senate to adopt procedures that will ensure that expenses are kept within the confines of appropriations. Let me spell out what the resolution does.

First, the resolution creates separate appropriation accounts for official mail costs of the House and the Senate. The account for the House would be administered by the Clerk of the House, just like the joint account is now. The account for the Senate would be administered by the Secretary of the Senate. The resolution does not specify the amount to be appropriated for the accounts. Each House would be responsible for proposing in annual budgets and including in appropriations bills the amounts for its own operations.

Second, the resolution requires the House Commission on Congressional Mailing Standards and the Senate Committee on Rules and Administration to issue regulations governing the use of official mail by their respective bodies.

Third, the resolution further specifies that such regulations shall include an allocation of the appropriation for each House among the Members of that House. We have proved through 3 years of experience in the Senate that this is workable and that it is an effective method of ensuring that expenditures do not exceed appropriations. In fact, it is nothing more than an application to this area of the simplest and most fundamental instrument of budget control: allocating budgetary amounts to the level where expenditure decisions are made. We do this in virtually every other area of budgeting, and we have proved in the Senate that it can be done here too.

Fourth, the resolution specifies that if a Senator or a House Member spends in excess of his or her allocation, that the difference must be made up from the Senator's or the House Member's own funds. That means no supplemental appropriations for postage.

Fifth, the resolution includes the current limits on postal patron mail—six statewide mailings per year for each Senator and six districtwide mailings per year for each Representative, and it retains the current exception of town meeting notices from counting against the limit of six. This restriction would be further limited by the appropriation. Members could accumulate funds or receive allocations from others to increase the amount available, but in no instance could a Senator exceed the six mailings.

Sixth, the resolution provides for the publication of the mass-mail costs of individual Members in both Chambers. Senator costs will be published in the semiannual report of the Secretary of the Senate; Representatives' costs will be published in the quarterly report of the Clerk of the House. The resolution specifies the information to be included in the reports the Senator's or Representative's name, the number of pieces mailed, the total cost of the mail, and the per capita cost. This is the information that the Senate has been publishing on Senator's mass mail since April 1, 1985. So we have provided that this can be done too, and if it is done for one house it ought to be done for both.

Finally, the resolution makes a technical correction to title 39 of the United States Code, by changing a reference to a singular "lump sum appropriation" for the House and the Senate into a plural reference to "Lump sum appropriations" for the House and the Senate. This pertains to the establishment of separate accounts for the House and the Senate.

Mr. President, aside from the problems arising from a joint postal account, there are inherent problems with two different policy charges to the same account. For example, the Senate policy assumes that one-half of the appropriation belongs to the Senate and that unexpended balances can be carried forward. Our records reflect this policy. Those records indicate that $63 million of cumulative funds have been brought forward from prior years, together with one-half of the current year appropriation available.

Many Members have been frugal and believed they have accumulated savings. The plain facts are that this assumption is not correct. No prior year funds are available in the appropriation account because those funds have been spent by the House. The net amount available in the appropriation for 1989 is $50 million; yet, under the Senate policy in effect until February 28, Senators alone could plan to spend $63 million—$13 million more than the appropriation for both Chambers.

The House has avoided a supplemental appropriation to cover its overspending by using the underspending of the Senate, but the day of reckoning is here. The savings of the Senate have been spent! That is what caused a change in Senate policy. Now we need a change in congressional policy. This resolution will enact such change as legislative policy for the future. It places accountability and responsibility where it belongs. It is also fiscally prudent because it will eliminate the need for future supplemental appropriations for postage.

It might be useful for me to indicate to Senators a further idea we should consider, once separate accounts for the House and the Senate are agreed to. This would involve scaling down the central account to a much smaller amount to cover nonmass mailing requirements and, simultaneously increasing Senators' official office expense accounts by amounts sufficient to cover mass mailings. Then, when a Senator wanted to send a mass mailing, he or she would have the postage charged to his or her office expense account and paid to the Postal Service by the Secretary of the Senate. To a

certain extent the funds would be general purpose funds, so that if a Senator opted, they could be used for other official purposes. And if Senators choose not to send any mass mail and choose to return the funds to the Treasury, they could do so and be duly credited with the savings. In the situation we have now, you can't do that. There are Senators who have never sent one newsletter, saving hundreds of thousands of dollars to which they were entitled. But there have been no savings, and there cannot be any because of this joint account. What Senators have saved has been spent by the other body. There has been no way for Senators to receive credit for being frugal or to turn back actual hard cash dollars to the Treasury that they did not use. Separate accounts will make that possible, as well as permitting one Member to transfer a portion of his or her allotment to another.

In conclusion, Mr. President, let me again point out to Senators that the action on February 28 was only the first shoe. That action was never intended to be the end of the story. Some Members who have asked have been told that there was more to come—to wait for the second shoe to drop. This is it. I hope that all Senators will not only vote for this resolution but will also discuss it with the House Members of their State delegations. Obviously, as a joint resolution, we need the concurrence of the House. Now that we are on a level playing field and there may not be as much savings in the Senate for the House expenses to hide behind, I would hope that the House concurrence would be speedily forthcoming.

Mr. President, I ask unanimous consent that the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 98

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION. 1. Effective October 1, 1989, there shall be—

(a) within the contingent fund of the Senate, a separate appropriation account to be known as the "Senate Official Mail Costs Account", and

(b) within the fund for Contingent Expenses of the House, a separate appropriation account to be known as the "House Official Mail Costs Account".

SEC. 2. The Senate Official Mail Costs Account shall be administered by the Secretary of the Senate. The House Official Mail Costs Account shall be administered by the Clerk of the House of Representatives.

SEC. 3. The Senate Committee on Rules and Administration and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses rules and regulations governing any franked mail. Such rules and regulations shall include an allocation among Senators and among Members of the House of Representatives of the amount appropriated for the Senate and the House, respectively, for official mail. The costs for postage for such franked mail mailed by or for a Senator or a Member in excess of the amount of his allocation shall be charged to such Senator or Member and shall be paid by him (in the case his allocation is from the Senate) in accordance with rules and regulations as may be prescribed by the Senate Committee on Rules and Administration, and (in case his allocation is from the House) in accordance with such rules and regulations as may be prescribed by the House Commission on Congressional Mailing Standards.

SEC. 4. (a) The total number of pieces of mail which may be mailed as franked mail under section 3210(d) of title 39, United States Code, during any calendar year by a Senator entitled to mail franked mail may not exceed an amount equal to six multiplied by the number of addresses to which such mail may be delivered in the State from which the Senator was elected (as determined on the basis of the most recent statistics, from the United States Postal Service, available prior to such calendar year). Any mail matter which relates solely to a notice of appearance or a scheduled itinerary of a Senator or such Senator's personal staff representative in the State from which such Senator was elected shall not count against the limitation set forth in the preceding sentence.

(b) The total number of pieces of mail which may be mailed as franked mail under section 3210(d) of title 39, United States Code, during any calendar year by a Member of the House of Representatives entitled to mail franked mail may not exceed an amount equal to six multiplied by the number of addresses to which such mail may be delivered in the area from which the Member was elected (as determined on the basis of the most recent statistics, from the United States Postal Service, available prior to such calendar year). Any mail matter which relates solely to a notice of appearance or a scheduled itinerary of a Member or such Member's personal staff representative in the area from which such Member was elected shall not count against the limitation set forth in the preceding sentence.

SEC. 5. (a) Two weeks after the close of each calendar quarter, or as soon as practicable thereafter, the Sergeant at Arms and Doorkeeper of the Senate shall send to each Senator a statement of the cost of postage and paper and of the other operating expenses incurred as a result of mass mailings processed for such Senator during such quarter. The statement shall separately identify the cost of postage and paper and other costs, and shall distinguish the costs attributable to newsletters and all other mass mailings. The statement shall also include the total cost per capita in the State. A compilation of all such statements shall be sent to the Committee on Rules and Administration. A summary tabulation of such information shall be included in the semiannual Report of the Secretary of the Senate. Such summary tabulation shall set forth for each Senator the following information: the Senator's name, the total number of pieces of mass-mail mailed during the quarter, the total cost of such mail, and the cost of such mail divided by the total population of the State from which the Senator was elected.

(b) Two weeks after the close of each calendar quarter, or as soon as practicable thereafter, the House Commission on Congressional Mailing Standards shall send to each Member of the House of Representatives a statement of the cost of postage and paper and of the other operating expenses incurred as a result of mass mailings processed for such Member during such quarter. The statement shall separately identify the cost of postage and paper and other costs, and shall distinguish the costs attributable to newsletters and all other mass mailings. The statement shall also include the total cost per capita in the area from which such Member was elected. A compilation of all such statements shall be sent to the House Committee on House Administration. A summary tabulation of such information shall be included in the quarterly Report of the Clerk of the House. Such summary tabulation shall set forth for each Member the following information: the Member's name, the total number of pieces of mass-mail mailed during the quarter, the total cost of such mail, and the cost of such mail divided by the total population of the area from which the Member was elected.

SEC. 6. Effective October 1, 1989, section 3216 of title 39, United States Code, is amended by striking out "by a lump sum appropriation to the legislative branch" and inserting in lieu thereof "from funds appropriated to (or otherwise available from) the Senate (for costs attributable to the Senate) and from funds appropriated to (or otherwise available from) the House (for costs attributable to the House of Representatives)".

ADDITIONAL COSPONSORS

S. 22

At the request of Mr. PRESSLER, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 22, a bill to prohibit all United States military and economic assistance for Turkey until the Turkish Government takes certain actions to resolve the Cyprus problem.

S. 84

At the request of Mr. BIDEN, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 84, a bill to amend title 28, United States Code, to provide Federal debt collection procedures.

S. 89

At the request of Mr. SYMMS, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 89, a bill to delay for 1 year the effective date for section 89 of the Internal Revenue Code of 1986.

S. 110

At the request of Mr. KENNEDY, the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of S. 110, a bill to revise and extend the programs of assistance under title X of the Public Health Service Act.

S. 137

At the request of Mr. BOREN, the name of the Senator from Nebraska [Mr. EXON] was added as a cosponsor of S. 137, a bill to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate general election campaigns, to limit contributions by multicandi-

date political committees and for other purposes.

S. 148

At the request of Mr. PRESSLER, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 148, a bill to require the Secretary of the Treasury to mint coins in commemoration of the Golden Anniversary of the Mount Rushmore National Memorial.

S. 185

At the request of Mr. DIXON, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 185, a bill to amend title 18 of the United States Code to punish as a Federal criminal offense the crimes of international parental child abduction.

S. 189

At the request of Mr. MATSUNAGA, the names of the Senator from Alabama [Mr. HEFLIN], the Senator from Indiana [Mr. COATS], the Senator from Rhode Island [Mr. PELL], the Senator from Texas [Mr. GRAMM], and the Senator from Utah [Mr. HATCH] were added as cosponsors of S. 189, a bill to amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to provide funeral transportation, remains transportation, and living expense benefits to deceased medal of honor recipients and their families.

S. 190

At the request of Mr. MATSUNAGA, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 190, a bill to amend section 3104 of title 38, United States Code, to permit certain service-connected disabled veterans who are retired members of the Armed Forces to receive compensation concurrently with retired pay without reduction in the amount of the compensation and retired pay.

S. 253

At the request of Mr. BINGAMAN, the names of the Senator from Michigan [Mr. RIEGLE], and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of S. 253, a bill to establish a coordinated National Nutrition Monitoring and Related Research Program, and a comprehensive plan for the assessment of the nutritional and dietary status of the U.S. population and the nutritional quality of food consumed in the United States, with the provision for the conduct of scientific research and development in support of such program and plan.

S. 255

At the request of Mr. HARKIN, the name of the Senator from Arkansas [Mr. PRYOR] was added as a cosponsor of S. 255, a bill to authorize appropriations for the Local Rail Service Assistance Program.

S. 326

At the request of Mr. SHELBY, the names of the Senator from New Jersey [Mr. BRADLEY] and the Senator from Maryland [Ms. MIKULSKI] were added as cosponsors of S. 326, a bill to amend the Federal Election Campaign Act of 1971 to repeal a provision allowing use of excess contributions.

S. 375

At the request of Mr. HOLLINGS, the names of the Senator from Mississippi [Mr. LOTT], the Senator from Idaho [Mr. MCCLURE], the Senator from Arizona [Mr. DECONCINI], the Senator from Louisiana [Mr. BREAUX] and the Senator from Utah [Mr. HATCH] were added as cosponsors of S. 375, a bill to provide for the broadcasting of accurate information to the people of Cuba, and for other purposes.

S. 431

At the request of Mr. NUNN, the names of the Senator from Virginia [Mr. WARNER] and the Senator from Indiana [Mr. COATS] were added as cosponsors of S. 431, a bill to authorize funding for the Martin Luther King, Jr. Federal Holiday Commission.

S. 439

At the request of Mr. PELL, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 439, a bill to establish a program of grants to consortia of local educational agencies and community colleges for the purposes of providing technical preparation education and for other purposes.

S. 447

At the request of Mr. BOSCHWITZ, the names of the Senator from Iowa [Mr. GRASSLEY] and the Senator from Oregon [Mr. PACKWOOD] were added as cosponsors of S. 447, a bill to require the Congress and the President to use the spending levels for the current fiscal year—without adjustment for inflation—in the preparation of the budget for each new fiscal year in order to clearly identify spending increases from one fiscal year to the next fiscal year.

S. 448

At the request of Mr. SIMON, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 448, a bill to amend the Immigration and Nationality Act to change the level, and preference system for admission, of immigrants to the United States.

S. 449

At the request of Mr. BOREN, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 449, a bill to amend the Internal Revenue Code of 1986 to provide incentives for oil and natural gas exploration and production, and for other purposes.

S. 461

At the request of Mr. GRASSLEY, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 461, a bill to amend title XVIII of the Social Security Act to permit payment for services of physician assistants outside institutional settings.

S. 464

At the request of Mr. SANFORD, the name of the Senator from South Dakota [Mr. DASCHLE] was added as a cosponsor of S. 464, a bill to promote safety and health in workplaces owned, operated or under contract with the United States by clarifying the U.S. obligation to observe occupational safety and health standards and clarifying the U.S. responsibility for harm caused by its negligence at any workplace owned by, operated by, or under contract with the United States.

S. 476

At the request of Mr. SIMON, the names of the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Rhode Island [Mr. PELL], and the Senator from New Mexico [Mr. BINGAMAN] were added as cosponsors of S. 476, a bill to increase the number of refugee admission numbers allocated for Eastern Europe/Soviet Union and East Asia.

S. 489

At the request of Mr. KENNEDY, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 489, a bill to transfer certain funds available for State legalization assistance grants to programs to assist refugees.

S. 504

At the request of Mr. GRAHAM, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 504, a bill to improve the operation of the Caribbean Basin Economic Recovery Act, and for other purposes.

S. 537

At the request of Mr. RIEGLE, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 537, a bill to require that any calculation of the Federal deficit made as a part of the Federal budget process include a calculation of the Federal deficit minus the Social Security reserves.

S. 561

At the request of Mr. HOLLINGS, the name of the Senator from Wyoming [Mr. SIMPSON] was added as a cosponsor of S. 561, a bill to provide for testing for the use, without lawful authorization, of alcohol or controlled substances by the operators of aircraft, railroads, and commercial motor vehicles, and for other purposes.

S. 563

At the request of Mr. MATSUNAGA, the names of the Senator from Utah [Mr. HATCH] and the Senator from Illinois [Mr. DIXON] were added as cosponsors of S. 563, a bill to amend section 3104 of title 38, United States Code, to permit certain service-connected disabled veterans who are retired members of the Armed Forces to

receive retired pay concurrently with disability compensation after a reduction in the amount of retired pay.

S. 564

At the request of Mr. MATSUNAGA, the names of the Senator from Kansas [Mrs. KASSEBAUM], the Senator from New Mexico [Mr. BINGAMAN], the Senator from Virginia [Mr. WARNER], the Senator from Nevada [Mr. REID], the Senator from Michigan [Mr. LEVIN], the Senator from West Virginia [Mr. ROCKEFELLER], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of S. 564, a bill to provide for an Assistant Secretary of Veterans' Affairs to be responsible for monitoring and promoting the access of members of minority groups, including women, to service and benefits furnished by the Department of Veterans' Affairs.

S. 595

At the request of Mr. DOMENICI, the names of the Senator from Kansas [Mrs. KASSEBAUM], and the Senator from Oklahoma [Mr. BOREN] were added as cosponsors of S. 595, a bill to amend section 89 of the Internal Revenue Code of 1986 to exempt certain small businesses from the application of the employee benefit nondiscrimination rules, to delay and to simplify the requirements of such section, and for other purposes.

S. 615

At the request of Mr. DECONCINI, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 615, a bill providing for a 14-year extension of the patent for the badge of the American Legion.

S. 616

At the request of Mr. DECONCINI, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 616, a bill providing for a 14-year extension of the patent for the badge of the American Legion Auxiliary.

S. 617

At the request of Mr. DECONCINI, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 617, a bill to provide for a 14-year extension of the patent for the badge of the Sons of the American Legion.

S. 633

At the request of Mr. MATSUNAGA, the names of the Senator from Minnesota [Mr. BOSCHWITZ], and the Senator from North Carolina [Mr. SANFORD] were added as cosponsors of S. 633, a bill to promote the development of technologies which will enable fuel cells to use alternative fuel sources.

S. 634

At the request of Mr. MATSUNAGA, the name of the Senator from North Carolina [Mr. SANFORD] was added as a cosponsor of S. 634, a bill to develop a national policy for the utilization of fuel cell technology.

S. 635

At the request of Mr. MCCLURE, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 635, a bill to prevent the unintended licensing of federally nonjurisdictional pre-1935 unlicensed hydroelectric projects.

S. 639

At the request of Mr. MATSUNAGA, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of S. 639, a bill to establish a hydrogen research and development program.

S. 640

At the request of Mrs. KASSEBAUM, the name of the Senator from Wyoming [Mr. SIMPSON] was added as a cosponsor of S. 640, a bill to regulate interstate commerce by providing for uniform standards of liability for harm arising out of general aviation accidents.

S. 656

At the request of Mr. GRASSLEY, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 656, a bill to amend the Internal Revenue Code of 1986 to restore the deduction for interest on educational loans.

S. 691

At the request of Mr. LAUTENBERG, the names of the Senator from Illinois [Mr. SIMON] and the Senator from Iowa [Mr. GRASSLEY] were added as cosponsors of S. 691, a bill to require certain information in the National Driver Register to be made available in connection with an application for a license to be in control and direction of a commercial vessel.

SENATE JOINT RESOLUTION 55

At the request of Mr. SIMON, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of Senate Joint Resolution 55, a joint resolution to designate the week of October 1, 1989, through October 7, 1989, as "Mental Illness Awareness Week."

SENATE JOINT RESOLUTION 56

At the request of Mr. GARN, the name of the Senator from Nebraska [Mr. KERREY] was added as a cosponsor of Senate Joint Resolution 56, a joint resolution designating April 23 through April 29, 1989, and the last week of April of each subsequent year as "National Organ and Tissue Donor Awareness Week."

SENATE JOINT RESOLUTION 71

At the request of Mr. HELMS, the name of the Senator from Colorado [Mr. WIRTH] was added as a cosponsor of Senate Joint Resolution 71, a joint resolution designating April 16 through 22, 1989, as "National Ceramic Tile Industry Recognition Week."

SENATE JOINT RESOLUTION 76

At the request of Mr. HELMS, the names of the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Idaho [Mr. SYMMS], the Senator from South Dakota [Mr. PRESSLER], and the Senator from New Hampshire [Mr. HUMPHREY] were added as cosponsors of Senate Joint Resolution 76, a joint resolution to designate the period commencing on June 21, 1989, and ending on June 28, 1989, as "Food Science and Technology Week."

SENATE JOINT RESOLUTION 78

At the request of Mr. BENTSEN, the names of the Senator from Rhode Island [Mr. PELL], the Senator from Tennessee [Mr. GORE], the Senator from Illinois [Mr. SIMON], the Senator from Maryland [Mr. SARBANES], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Alabama [Mr. SHELBY], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from New York [Mr. MOYNIHAN], the Senator from Florida [Mr. GRAHAM], the Senator from California [Mr. CRANSTON], the Senator from Michigan [Mr. LEVIN], the Senator from North Dakota [Mr. BURDICK], the Senator from Ohio [Mr. GLENN], the Senator from California [Mr. WILSON], the Senator from Kansas [Mr. DOLE], the Senator from Alaska [Mr. STEVENS], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Florida [Mr. MACK], the Senator from South Carolina [Mr. THURMOND], and the Senator from Maine [Mr. MITCHELL] were added as cosponsors of Senate Joint Resolution 78, a joint resolution to designate the month of November 1989 and 1990 as "National Hospice Month."

SENATE JOINT RESOLUTION 84

At the request of Mr. HATCH, the names of the Senator from Louisiana [Mr. BREAUX], the Senator from Hawaii [Mr. INOUYE], and the Senator from Nebraska [Mr. KERREY] were added as cosponsors of Senate Joint Resolution 84, a joint resolution to designate April 30, 1989, as "National Society of the Sons of the American Revolution Centennial Day."

SENATE JOINT RESOLUTION 86

At the request of Mr. RIEGLE, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of Senate Joint Resolution 86, a joint resolution designating November 17, 1989, as "National Philanthropy Day."

SENATE JOINT RESOLUTION 93

At the request of Mr. SIMON, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of Senate Joint Resolution 93, a joint resolution to designate October 1989 as "Polish American Heritage Month."

SENATE RESOLUTION 24

At the request of Mr. LAUTENBERG, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of Senate Resolution 24, a resolution to express the sense of the

Senate regarding future funding of Amtrak.

SENATE RESOLUTION 63

At the request of Mr. SYMMS, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of Senate Resolution 63, a resolution expressing the sense of the Senate that the Federal excise taxes on gasoline and diesel fuel shall not be increased to reduce the Federal deficit.

SENATE RESOLUTION 92

At the request of Mr. SYMMS, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of Senate Resolution 92, a resolution expressing the sense of the Senate regarding section 89 of the Internal Revenue Code of 1986.

SENATE RESOLUTION 99—RELATING TO THE RECYCLING OF PAPER IN THE SENATE

Mr. BOSCHWITZ (for himself, Mr. CHAFEE, Mr. GORE, Mr. DURENBERGER, Mr. BREAUX, Mr. BOND, Mr. REID, and Mr. LUGAR) submitted the following resolution; which was referred to the Committee on Rules and Administration.

S. RES. 99

Resolved, That, not later than 6 months after this resolution is agreed to, the Architect of the Capitol shall establish and implement a voluntary program for recycling paper that is disposed of in the operation of the Senate. Such program shall be designed to encourage separation of paper by type at the sources of generation (including offices of Members of the Senate) and to sell such paper for the purpose of recycling.

● Mr. BOSCHWITZ. Mr. President, today I am submitting a resolution for voluntary recycling of paper disposed of in the operation of the Senate. The resolution calls on the Architect of the Capitol to establish and implement this program which will include separation of paper by type within the Senators' offices.

Mr. President, after the incident last year of the New York garbage barge roaming the ocean, it is abundantly clear that this country is running out of landfill space. Recycling is a cornerstone of the future plans of our municipalities and counties to ensure that necessary landfill space remains available. The Senate should serve as an example in the recycling efforts of the Government.

The Senate has already begun to recognize the need for recycling. Last Wednesday, the Senate approved National Recycling Month, sponsored by Senator CHAFEE. This resolution is another step and will allow the Senate to lead by example in this important area.

Several studies have been conducted and the feasibility of recycling and separation of office paper by type has been proven. Within 4 to 6 months of implementing such a system, the proceeds from the sale of the paper pay for the initial costs. Discussions with the superintendent's and Architect's office have shown no institutional obstacles to the implementation of this effort. I call on my fellow Members of the Senate to join me in this effort to conserve resources and to serve as national leaders in the recycling effort.●

SENATE RESOLUTION 100—TO AMEND THE STANDING RULES OF THE SENATE

Mr. MITCHELL submitted the following resolution; which was considered and agreed to:

S. RES. 100

Resolved, That Rule XXV, Paragraph 3(c) is amended as follows:

Strike the figure after "Indian Affairs" and insert in lieu thereof "10".

SENATE RESOLUTION 101—RELATING TO FEDERAL LICENSING FEES FOR RECREATIONAL AND COMMERCIAL FISHING

Mr. LAUTENBERG submitted the following resolution; which was referred to the Committee on Commerce, Science, and Transportation.

S. RES. 101

Whereas the proposed FY 1990 Budget proposes both the imposition of a $20 federal licensing fee for recreational and commercial fishermen and the imposition of a 1.75 percent levy on the sale of fish;

Whereas the proposed Budget has also proposed reducing federal funding for important marine fishing programs implemented by the National Marine Fisheries Services;

Whereas the imposition of a federal licensing fee for recreational and commercial fishermen could create a significant enforcement burden for the U.S. Coast Guard and could divert resources from its other important responsibilities such as rescue, drug interdiction, and maritime law enforcement duties.

Whereas it has been reported that Americans annually eat an estimated 3.7 billion pounds of fish;

Whereas the proposed 1.75 percent levy on commercial fish sales amounts to a federal tax on food;

Whereas it has been reported that the commercial fishing industry generates an estimated $28.8 billion to the nation's economy, and directly provides employment to an estimated 347,000 individuals;

Whereas it has been reported that there are an estimated 136 million saltwater recreational fishing trips taken along the United States each year by an estimated 13.7 million individuals;

Whereas recreational fishing has an estimated $28.1 billion impact on the nation's economy annually;

Whereas the imposition of a licensing fee and levy on commercial fish sales would discourage growth of the commercial and recreational fisheries industries in this country, and harm related industries;

Whereas the imposition of the licensing fee and levy would have adverse impacts on state and local economies;

Whereas previous proposals for saltwater fishing license fees have not been accepted by the Congress;

Whereas there already exists a federal tax on most fishing tackle and equipment; Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the imposition of such a levy would amount to an unjustified and ill-advised federal tax on food; and

(2) the imposition of such a fee would have significant adverse impacts on state and local economies; and

(3) such a commercial and recreational fishing license fee and such a levy on the sale of commercial fish should not be implemented.

Mr. LAUTENBERG. Mr. President, today I am submitting a resolution to express the sense of the Senate opposing the imposition of a Federal licensing fee for recreational and commercial marine fishing and a levy on the sale of fish. I am pleased to be joined by my distinguished colleagues, Senator HOLLINGS and Senator PELL.

Last summer, when the President was on the campaign trail in my State, he said he opposed the saltwater fishing license proposals put forth by the Reagan administration. That met with strong approval from fishermen in New Jersey and elsewhere. However, despite the President's avowed opposition to Federal fishing licenses, his budget proposal for fiscal year 1990 includes a recommendation to impose a $20 licensing fee for all commercial and recreational fishermen who fish off our coasts, as well as a 1.75-percent levy on the sale of fish. In addition, the President's budget proposal recommends cutting funding for fisheries programs by $70 million.

Recreational and commercial fishing represents an important segment of the economies of coastal States. It has been estimated that each year approximately 136 million saltwater recreational fishing trips are taken by 13.7 million people. In aggregate, recreational fishing has an estimated $28.1 billion annual impact on the Nation's economy. That's in addition to the estimated $28 billion that the commercial fishing industry annually generates to the national economy, and the 347,000 individuals directly employed in some aspect of commercial fishing.

In my State, fisheries play a vital role in the State's economic well-being. An estimated 748,000 saltwater recreational fishermen reside in New Jersey, while an estimated 488,000 tourists come to our State each year to fish in the Atlantic coastal waters. There are an estimated 800 owners of large marine sportfishing charter boats in New Jersey. It is estimated that recreational fisheries bring in over $400 million each year to New Jersey's economy.

Mr. President, the imposition of a Federal licensing fee on recreational

fishermen could have a devastating impact on State and local economies. In New Jersey, an overwhelming majority of those chartering marine fishing vessels do so only once each year. If a Federal fee of $20 is imposed in addition to the cost of chartering a vessel, many of these one-time recreational fishermen will find a fishing trip too expensive. For example, for a family of four, the cost of a one-time fishing trip would increase by $80. The impact on charter boat owners as well as on a range of associated businesses could be severe.

In addition, the proposed licensing fee and levy would impose a cost that would extend beyond the American fisherman and the fishing industry. The establishment of a Federal licensing fee could create a significant enforcement burden for the U.S. Coast Guard. To monitor every passenger on all recreational and commercial fishing vessels could prove an overwhelming task. The significant resources that the Coast Guard would have to devote to effective enforcement of a Federal fishing license could severely detract from its ability to carry out its other responsibilities. Resources could be diverted from the Coast Guard's important drug interdiction, rescue, and maritime law enforcement duties.

Mr. President, while the proposed fishing license would harm coastal economies, the recommended 1.75 percent levy on fish sales would affect Americans nationwide. Fish has become a staple of the American diet. It has been reported that each year Americans eat approximately 3.7 billion pounds of fish. The recommended 1.75-percent levy on the sale of commercial fish found in the President's budget proposal amounts to nothing more than a Federal tax on food. At a time when many Americans find it difficult to put a nutrition meal of the table, this Federal tax on food is uncalled for.

The Reagan administration recommended the imposition of Federal saltwater fishing licenses a number of times, and each time the Congress chose to firmly reject the proposal. The latest proposal is equally inappropriate, and I hope the current administration will not pursue it further. This resolution is meant to put the Senate firmly on record again in opposition to the administration's proposal. I urge my colleagues to support this measure.

AMENDMENTS SUBMITTED

MINIMUM WAGE LEGISLATION

HATCH (AND OTHERS) AMENDMENT NO. 21

Mr. HATCH (for himself, Mr. DOLE, and Mr. COATS) proposed an amendment to the bill (S. 4) to amend the Fair Labor Standards Act of 1938 to restore the minimum wage to a fair and equitable rate, and for other purposes; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Minimum Wage Restoration Act of 1989".

SEC. 2. RESTORATION OF MINIMUM WAGE.

Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

"(1) except as otherwise provided in this section, not less than $3.35 an hour during the period ending December 31, 1989, not less than $3.65 an hour during the year beginning January 1, 1990, not less than $3.95 an hour during the year beginning January 1, 1991, and not less than $4.25 an hour after December 31, 1991;".

SEC. 3. NEW HIRE WAGE.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) is amended by adding at the end thereof the following new subsection:

"(g)(1)(A) Any employer may, in lieu of the minimum wage prescribed by subsection (a)(1), pay any employee the wage prescribed by subparagraph (B) if such employee has not been previously employed by such employer.

"(B) The wage referred to in subparagraph (A) shall be at least a wage equal to 80 percent of the wage prescribed by subsection (a)(1), but at least $3.35 per hour.

"(2) An employer may pay an employee the minimum wage authorized by paragraph (1) for a period not to exceed 180 days beginning with the day the employee began employment with the employer.

"(3) No employee may be displaced by any employer (including partial displacement such as reduction in hours, wages, or employment benefits) as a result of an employer paying the rate described in this subsection.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to employees first employed by an employer on or after January 1, 1990.

SEC. 4. CHANGE IN ENTERPRISE TEST.

(a) IN GENERAL.— Effective January 1, 1990, the first sentence of section 3(s) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(s)) is amended—

(1) by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) is an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level that are separately stated);"; and

(2) by redesignating paragraphs (3) through (6) as paragraphs (2) through (5), respectively.

(b) PRESERVATION OF COVERAGE.—The next to last sentence of section 3(s) of such Act is amended—

(1) by striking out "Notwithstanding paragraph (2), an enterprise which is comprised of one or more retail or service establishments, which on June 30, 1978" and inserting in lieu thereof "Notwithstanding paragraph (1), an enterprise that on December 31, 1989";

(2) by striking out "Fair Labor Standards Amendments of 1977" and inserting in lieu thereof "Minimum Wage Restoration Act of 1989"; and

(3) by striking out "$250,000" and inserting in lieu thereof "(A) in the case of an enterprise described in paragraph (1) (as it existed before the amendment made by section 4(a)(1) of such Act), $250,000, or (B) in the case of an enterprise described in paragraph (2) (as it existed before such amendment), $362,500".

(c) CONFORMING AMENDMENT.—Section 13(a)(2) of such Act (29 U.S.C. 213(a)(2)) is amended by striking out "section 3(s)(5)" and inserting in lieu thereof "section 3(s)(4)".

SEC. 4. TIP CREDIT.

The third sentence of section 3(m) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)) is amended by striking out "in excess of 40 per centum of the applicable minimum wage rate, except that" and inserting in lieu thereof the following: "in excess of (1) 45 percent of the applicable minimum wage rate during the period ending December 31, 1990, or (2) 50 percent of the applicable minimum wage rate after December 31, 1990, except that".

ARMSTRONG (AND OTHERS) AMENDMENT NO. 22

Mr. ARMSTRONG (for himself, Mr. DOLE, Mr. EXON, Mr. DECONCINI, Mr. COATS, Mr. SYMMS, Mr. DURENBERGER, Mr. D'AMATO, Mr. HELMS, Mr. HATCH, Mr. CHAFEE, Mr. KASTEN, Mr. GRAMM, Mr. GORTON, Mr. COHEN, Mr. GRASSLEY, Mr. NICKLES, Mr. HARKIN, Mr. MCCLURE, Mr. LUGAR, and Mr. WARNER) proposed an amendment to the bill S. 4, supra; as follows:

At the end of the bill, insert the following new title:

TITLE II—EARNINGS TEST

SEC. 201. RETIREMENT EARNINGS TEST.

(a) IN GENERAL.—Subparagraph (D) of section 203(f)(8) of the Social Security Act (42 U.S.C. 402(f)(8)) is amended by inserting "(i)" after "(D)" and by adding at the end thereof the following new clause:

"(ii) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(l) before 1990 shall be $820 for August 1989 through December 1989 for purposes of—

"(I) applying subparagraphs (E) and (F) of paragraph (1); and

"(II) applying subparagraph (B) with respect to a determination made by the Secretary pursuant to subparagraph (A) as a result of a benefit increase effective with December 1989.".

(b) CONFORMING AMENDMENT.—

(1) Section 203(f)(8)(C) of such Act is amended by inserting "(other than 1989)" after "such determination is made".

(2) The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking out "which is applicable to individuals described in subparagraph (D) thereof" and inserting in lieu thereof "which would be applicable to individuals who have attained retirement age (as defined in section 216(l)) without regard to any increase in such amount resulting from a law enacted in 1989".

SEC. 202. SENSE OF CONGRESS REGARDING PHASE-OUT AND REPEAL OF EARNINGS TEST BY 2000 FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

It is the sense of the Congress that—

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(1) the earnings test limitation described in section 203(f) of the Social Security Act (42 U.S.C. 403(f)) be increased incrementally above the increases specified in current law in each taxable year beginning after 1990 and before 2000.

(2) such earnings test limitation be repealed for taxable years beginning after 1999 with respect to individuals who have attained retirement age (as defined in section 216(l) of such Act (42 U.S.C. 416(l)), and

(3) the 8 percent delayed retirement credit (determined under section 202(w) of such Act (42 U.S.C. 402(w)) be fully implemented by the year 2000.

SEC. 203. RETROACTIVE ENTITLEMENTS PROHIBITED.

(a) IN GENERAL.—Section 202(j)(4) of the Social Security Act (42 U.S.C. 402(j)(4)) is amended—

(1) in subparagraph (A), by striking "if the effect" and all that follows and inserting in lieu thereof "if the amount of the monthly benefit to which such individual would otherwise be entitled for any such month would be subject to reduction pursuant to subsection (q).''; and

(2) in subparagraph (B), by striking clauses (i) and (iv) and redesignating clauses (ii), (iii) and (v) as clauses (i), (ii), and (iii), respectively.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective for monthly benefits payable on the basis of applications filed after July 1989.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology, and Space, of the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on April 11, 1989, at 9:30 a.m. to hold a hearing on the fiscal year 1990 and fiscal year 1991 budget request for the NASA space science and applications programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AVIATION

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Aviation Subcommittee, of the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on April 11, 1989, at 9 a.m. to hold a hearing to address concerns on the safety and airworthiness of older aircraft.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation and the National Ocean Policy Study, be authorized to meet during the session of the Senate on April 11, 1989, at 2 p.m. to hold a hearing on the role of the oceans in global climate change.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE CONSTITUTION

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on the Constitution of the Committee on the Judiciary, be authorized to meet during the session of the Senate on Tuesday, April 11, 1989, at 10 a.m., to hold a hearing on line item veto.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON COURTS AND ADMINISTRATIVE PRACTICE

Mr. MITCHELL. I ask unanimous consent that the Subcommittee on Courts and Administrative Practice of the Committee on the Judiciary, be authorized to meet during the session of the Senate on Tuesday, April 11, 1989, at 2 p.m., to hold a hearing on interest swap legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Tuesday, April 11, 1989, at 2 p.m. to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Tuesday, April 11, 1989, at 2 p.m. to receive testimony on the nominations of Jack Parnell to be Deputy Secretary of Agriculture, and Richard Crowder to be Under Secretary of Agriculture for International Affairs and Commodity Programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SMALL BUSINESS COMMITTEE

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Small Business Committee be authorized to meet during the session of the Senate on Tuesday, April 11, 1989, at 2:30 p.m. The committee will hold a confirmation hearing on the nomination of Susan Engeleiter to be Administrator of the Small Business Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Tuesday, April 11, 1989 at 9 a.m. in open session to continue hearings on the implications of Gorbachev's reforms for United States and allied security.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON READINESS SUSTAINABILITY AND SUPPORT

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Readiness, Sustainability and Support of the Committee on Armed Services be authorized to meet on Tuesday, April 11, 1989 at 2 p.m. in open/closed session to review recommendations of the Defense Secretary's Commission on Base Realignment and Closure.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Labor, of the Committee on Labor and Human Resources, be authorized to meet during the session of the Senate on Tuesday, April 11, 1989 at 10 a.m. to conduct a hearing on "Employee Pension Protection Act," S. 685.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

WELCOME, VICTORIA JAKES KNOBLOCH

● Mr. WIRTH. Mr. President, I am pleased to announce that my legislative director, Kevin Knobloch, has joined me in the ranks of fatherhood. On Monday, April 10, 1989, at 4:50 p.m., Kevin and his wife, Liz Buchanan, became the proud parents of a 6 pound, 7.5 ounce baby girl, Victoria Jakes Knobloch. I would like to be one of the first to welcome Victoria into the world and wish her a healthy and happy future. In her honor, my staff and I will be planting a tree. As Victoria grows, so will her tree and the future of our global environment.●

CANNON AIR FORCE BASE WINS NATIONAL INSTALLATION EXCELLENCE AWARD

● Mr. DOMENICI. Mr. President, I wish to share with my colleagues some exciting and important information concerning the Department of Defense's annual competition for installation excellence.

Each year, bases within the three services compete for an award established by President Reagan in 1984, an award that recognizes the outstanding efforts of the people who operate and maintain our military installations.

This year's winner of the Installation Excellence Award for the Air Force is Cannon AFB, NM, a decision that means that Cannon is nothing less than the very best base in the Air Force.

Base officials will receive the Commander in Chief's Trophy in recognition of the performance of the 27th

Tactical Fighter Wing and the people that support the wing's mission. Cannon was first nominated for this award by the Tactical Air Command as the outstanding base within the command. That put Cannon in competition with the other outstanding facilities nominated throughout the Air Force.

I had the pleasure of visiting Cannon in February, and I can tell my colleagues that this award is well deserved. Colonel Peterson, commander of the 27th Tactical Fighter Wing, and Colonel Benson, the base commander, have done an outstanding job. Their good work is reflected in tremendous support for the base and its activities by the people of Clovis and Portales.

Cannon and the neighboring communities will not be able to rest on their laurels. They face a new challenge as a result of a major realignment proposed by the Base Closure Commission. More than 1,100 people will be reassigned to Cannon as part of a move to bring all U.S.-based F-111 aircraft with a similar mission to a single base.

I am certain that the challenge will be met and that the standards of excellence achieved at Cannon will continue to be the highest in the Air Force.

I offer my congratulations to the men and women of Cannon Air Force Base for their outstanding service to America. And I look forward to working with them as they prepare for a broader mission in the future.●

TERRY ANDERSON

● Mr. MOYNIHAN. Mr. President, today marks the 1,487th day of captivity for Terry Anderson in Beirut.

I ask that a column by A.M. Rosenthal which appeared in the New York Times on March 24, 1989, be printed in the RECORD.

The column follows:

FIGHTING THE SILENCE

Peggy Say lives in a pleasant house in Cadiz, Kentucky, and anguishes every day of her life for her brother. For four years he has been chained to a wall in a basement in Beirut.

Dora Kazachkova lives in one room in a communal apartment in Leningrad, and every day of her life is heavy with worry about her son. For 13 years he has been a political prisoner in the Soviet Union. Now he is in a prison camp in the Ural Mountains. No mail is going through. His mother fears that means he is alone and cold in a punishment cell.

The two women have never met and do not know each other's names. But they have something in common beyond sorrow for beloved captives. They are fighters and will neither rest nor be quiet.

It is hard to be a fighter for prisoners held by Muslim fanatics or the Soviet prison system. So many friends and advisers tell you to be silent lest the prisoner suffer even more and longer.

The stories of the two women are sufficient in themselves. But the same conflict confronts governments and private citizens throughout the Western world. Should we try to free our hostages only through "quiet diplomacy"? Or should we also try to exert pressure through public protest, political action and warnings of retaliation—if we can muster enough strength to mean them?

Mrs. Say and Mrs. Kazachkova are fighting as publicly as they can. They know remembrance is what the prisoners want more than anything but freedom. They believe that for their prisoners, being remembered is the essence of life, and that without it their agony will continue and could end in death.

Mrs. Say fights for Terry Anderson, the Associated Press bureau chief kidnapped in Beirut by a Muslim terrorist band. It is inspired and armed by Iran and operates in Syrian-patrolled Lebanese territory.

Mrs. Say puts her own life into her fight. She sets forth from Kentucky to the Middle East to plead for her brother. She gives speeches, holds press conferences, argues in public and private with United States officials.

She just cannot believe a Government as rich and powerful as the United States can do nothing about the nine American hostages but shuffle its feet in embarrassment.

Mrs. Kazachkova is 77 years old. Her son, Mikhail Petrovich Kazachkova, a physicist, was imprisoned in 1975 after talking with American consular officials about leaving the Soviet Union. She cannot travel or appear on TV, but she keeps fighting Soviet officialdom, battling for her son as best she can.

I have never met Mrs. Kazachkova or her son, but one day late last year I heard his voice. I was allowed to visit Perm 35, the prison camp where he was held. No foreigner had been permitted before, and the word got around the prison days in advance.

When I was walking between barracks, a window above was flung open. Somebody managed to cry out "We must see you," before the window was slammed down. It came from a hospital ward where six men had been locked away from the visitors.

The Soviet commandant knew who it was without looking up: "Kazachkova."

Before we left the camp, we read to the Soviet officers the names of all the prisoners with whom we had been allowed to talk and those who had tried to approach us but were kept away—including Mr. Kazachkova. We asked for assurances that no penalties would be imposed on them. We were given promises: no reprisals.

Now here is a detailed message to me from Mrs. Kazachkova. She says that after the visit reprisals were taken. She says food is worse than ever. She says her son is ill, that she fears he is on a hunger strike and in a punishment cell, because their letters to each other are suddenly being confiscated.

Requests for investigation have been sent to Soviet officials by Helsinki Watch of New York and by American scientists who feel a professional kinship with Mr. Kazachkova. No reply yet. Two letters sent by the American scientists, to Mr. Kazachkova and to the Soviet commandant, correctly addressed to the camp, have been returned marked "Unknown."

This column is another request, specifically to Ivan Rakhmanin, the Soviet procurator who accompanied me to the prison, and to Moscow News, whose editor staunchly insisted that the promise of my visit to the camp be fulfilled. Please find out whether the no-reprisal pledge is being carried out in good faith—for all the prisoners who spoke, including the man in the window.

In any case, of course, Dora Kazachkova, like Peggy Say, will keep fighting.●

SENATOR HUMPHREY'S WASHINGTON POST ARTICLE

● Mr. KASTEN. Mr. President, I rise today to draw the attention of all Senators to an important article in today's Washington Post coauthored by our distinguished colleague, Senator GORDON HUMPHREY, and Representative FRANK WOLF.

The article—entitled "Act Now To Save Lives in Sudan"—is a compelling account of the plight of the hundreds of thousands of men and women who have fallen victim to Sudan's man-made famine.

Senator HUMPHREY's account makes clearer than ever before the need for immediate action on this crisis. We are indebted to him for his leadership on this, as on other issues—and regret all the more his decision to leave this body for the greener pastures of his lovely home State.

Mr. President, I ask that the article be included in the RECORD.

The article follows:

ACT NOW TO SAVE LIVES IN SUDAN

There are about 25,000 characters on this newspaper page. Last year between 10 and 20 times that number of people—250,000 to 500,000—died from starvation and disease in Sudan as the result of a man-made famine.

There is plenty of blame for both sides in the brutal civil war that has raged for nearly a decade. Both sides have used food as a weapon, and the suffering is comparable to the Ethiopian famine of 1984 and 1985. But there is reason to hope now that the situation will improve.

Recently we traveled with Rep. Gary Ackerman (D-N.Y.) to an isolated camp in the Sudanese bush and met with Col. John Garang, head of the Sudanese Peoples Liberation Army. He agreed to allow free and safe passage of food from any neighboring country into areas of southern Sudan under his control. He also agreed to allow food destined for government-held towns, such as Juba, to pass through SPLA territory unhindered. To demonstrate his good will, Garang promised to send his third in command, Dr. Lam Akol, to Nairobi, where the relief effort for southern Sudan is being coordinated by private humanitarian groups.

Garang's commitment to us, combined with the Sudanese government's similar assurances to the United Nations, means that efforts can be stepped up to pre-position food in advance of the rainy season. From May through November, the roads are nearly impassable. Absent pre-positioning, more than a quarter-million people could die of starvation again this year, according to United Nations estimates.

What can the United States do to avert that catastrophe? The Bush administration should substantially increase funding to proven relief programs already in place and pressure our allies, who so far have been laggards, to do the same. The airlifts from Nairobi and Entebbe to Juba run by World Vision, Lutheran World Services, and the International Committee of the Red Cross, are working well, by our observation. There are roughly 200,000 refugees in Juba who are totally dependent on the airlifts. Howev-

er, funding for some of the flights is so precarious that contracts for planes are being extended on a week-to-week basis. The program which trucks food from Kenya to Kapoeta, Sudan, and from there to other southern areas also is working well, but should be greatly expanded. It is largely paid for by the United States and operated by the Norwegian Peoples Aid Organization and the World Food Program.

Even under the best circumstances, however, acute local crises are going to occur. Red tape and backtracking are endemic in Sudan. As an insurance policy, the Bush administration should lay plans for airdrops to deal with the crises. This will take further negotiations with the parties.

Last year was a time of learning at great human expense. This year we can have no excuse, especially in light of Col. Garang's offer. We must cut through the red tape, dispense with grandiose schemes, and more fully fund those programs which have proven they can do the job. In Sudan, time is measured in human lives lost. By its leadership, America can do much in the next several weeks to save hundreds of thousands of lives.●

WELCOMING THE REOPENING OF THE MARTIN COPELAND OPTICAL CO. IN RHODE ISLAND

● Mr. CHAFEE. Mr. President, today I am very pleased to announce the reopening of the Martin-Copeland Optical Co. in Rhode Island. This is an old, respected Rhode Island company, and on behalf of all Rhode Islanders, I would like to welcome the company and its employees back in business in our State.

The optical frames company first opened its doors 108 years ago in east Providence. As a local manufacturer and employer, Martin-Copeland played an important role in the growth of our State's economy, and in the State's history. By 1982, the company was responsible for roughly 600 employees.

Last December, after some economic setbacks, the company assets were turned over to the bank and employees were laid off. I am proud to say within 3 weeks—thanks to the hard work of President Curt Rogers, new owner Lou Schwartz, and many others—the Martin-Copeland Co. reopened. Sixty-six employees are already hard at work, and I have every confidence that the company will be stronger than ever in the near future.

In light of our current trade deficit, this reopening is especially significant. It represents a belief on the part of Rhode Islanders and others that we can and will keep our economy going strong. Both Mr. Rogers and Mr. Schwartz have expressed their commitment to expanding the business abroad—to Canada, and Europe. That sounds like new opportunities and new jobs to me, and should be good news to all Americans.

Mr. President, the Martin-Copeland Co. reopening is important to all of us in Rhode Island. And for all of us, I would like to again say, "Welcome back."●

THE NATURAL GAS REGULATORY REFORM ACT

● Mr. BINGAMAN. Mr. President, I rise today in support of S. 625, the Natural Gas Regulatory Reform Act, a bill sponsored by my colleagues Senator NICKLES of Oklahoma and Senator FORD of Kentucky that would eliminate the last vestiges of natural gas wellhead price controls by January 1, 1993.

Now is the time to complete the decontrol of wellhead natural gas prices. Our experience with partial wellhead decontrol under the Natural Gas Policy Act of 1978 and with the total decontrol of crude oil prices has proven unquestionably that energy markets respond favorably, both in terms of price and supply, to free market forces. Price controls at the wellhead are a regulatory anachronism, as proven by the fact that natural gas is the only commodity that remains subject to Federal price controls at its source.

The remaining wellhead price controls under the NGPA do not protect the consuming public and, over the long run, may operate to the public's detriment by distorting the prompt and accurate transmittal of market signals that is necessary if adequate gas supplies are to be available. The Department of Energy's Energy Information Administration [EIA] estimates in 1988—39 percent of flowing natural gas remained subject to NGPA price controls. However, EIA also estimates that in 1988 only 6 percent of flowing gas was subject to NGPA price controls set at below the prevailing market rate for natural gas. Thus, 94 percent of flowing gas was effectively decontrolled. With such an insignificant percentage of flowing gas subject to effective price controls, the remaining NGPA price controls do little to protect the consuming public from the vagaries of the market.

The chronic oversupply situation that characterized the natural gas industry for the past 6 years should soon end. When this occurs, fully responsive natural gas markets will be necessary to meet the demand for natural gas. First, the need for a clean-burning fuel for purposes of compliance with environmental regulations. Second, the need to enhance our Nation's energy security and the role that natural gas can play in displacing imported petroleum. Third, the need for new electric generating capacity, a significant portion of which is projected to be gas-fired.

Mr. President, passage of S. 625 will benefit natural gas consumers, because the elimination of remaining wellhead price controls will increase the competition in the natural gas industry that has been fostered by partial wellhead price decontrol under the NGPA and by the Federal Energy Regulatory Commission's initiatives promoting open access transmission. As a result, consumers will receive increased supplies of affordable natural gas in the near term and will be ensured adequate supplies of natural gas in the years to come.

S. 625 represents a consensus position that can be supported by all segments of that natural gas industry. The bill does not contain any special interest provisions that might put one segment of the industry at an advantage over another. Finally and importantly, the phased decontrol that would be authorized by S. 625 will act as a cushion to protect natural gas consumers from any unintended consequences of this final phase of wellhead price decontrol.

The natural gas industry is very important to my constituents in New Mexico. New Mexico ranks fourth among the States in natural gas production. There are 5,000 natural gas wells throughout the State that produce 200 million cubic feet per month. Approximately one-fourth of the revenues going into New Mexico's general fund comes from oil and gas related taxes, royalties, and permanent fund earnings. The State revenues derived directly form oil and gas sources totaled 750.7 million in 1987. Employment in the industry totals approximately 10,000. Clearly, New Mexico benefits from the exploration and development of natural gas, and the citizens of the State strongly support any effective effort to increase the production of this clean burning energy resource. This legislation is clearly an important part of that effort.

Mr. President, I strongly urge my colleagues to take advantage of this opportunity to put our national energy policy for natural gas on the right track.●

REEDUCATION CAMP PRISONERS

● Mr. BOSCHWITZ. Mr. President, I recently introduced legislation which calls upon the Government of Vietnam to expedite the release and emigration of reeducation camp prisioners.

My resolution—Senate Concurrent Resolution 16—sends an important message that we have not forgotten the thousands of Vietnamese who were associated with the United States-backed Government of South Vietnam.

After the fall of Saigon in April, 1975, about 130,000 Vietnamese who had been associated with the former administration and armed forces fled.

Most of these refugees settled in the United States. Many more, however, were not so fortunate. Between 1975 and 1978, the Socialist Republic of Vietnam established its infamous reeducation camps; into which it put former officials and military officers of the South Vietnamese Government, dissident intellectuals, clergymen, and others it perceived as a threat. Although estimates vary greatly, as many as 1 million Vietnamese have been imprisoned in these camps since 1975.

Some of these prisoners gained their release in a few weeks, some in a few years—the Vietnamese authorities appear to have arbitrary sentencing procedures. However, as of 1980, there were about 200,000 so-called long-stayers in the camps. Today, 14 years after the end of the Vietnam conflict, there are still some 2,000 prisoners languishing in reeducation camps.

Mr. President, whether their sentence was 12 weeks or 12 years, reeducation camp prisoners who were associated with the United States or its allies, and were hence political prisoners, deserve the opportunity to come to this country. That has consistently been the U.S. position and for good reasons. First, we must recognize that these people paid dearly for their affiliation with the United States. Former reeducation camp prisoners have reported that when high-ranking officials were not around, camp guards have kicked to death inmates who seemed to resist orders. Indeed, the authorities in the camps attempt to force conformity through confinement, hard labor, and indoctrination. Conditions are so severe in the camps that a significant number of deaths are reported due to malnutrition, exhaustion, and other unnatural causes.

We must also recognize that many of these prisoners have relatives in the United States. For these relatives, every day is filled with anxiety and despair over the fate of their loved ones.

Although both the United States and Vietnam have agreed that reeducation camp prisoners should be allowed to emigrate, efforts toward this end have been frustrated. The American position in favor of the emigration of reeducation camp prisoners was made clear in high-level talks between United States and Vietnamese officials in 1986 and 1987.

In the summer of 1988, a United States delegation, headed by Gen. John Vessey of Minnesota, held further talks with Vietnamese officials on this issue. A joint statement issued on July 15, 1988, "reaffirmed the policy of the Socialist Republic of Vietnam that released detainees and their close family members would be permitted to emigrate overseas if they so desired." Not long after this statement, however, the Vietnamese back-tracked and unilaterally suspended talks on implementing this program.

Vietnam has given contradictory signals about the fate of the reeducation camp prisoners. We must continue to press the Vietnamese to resume frank and productive talks on this most important humanitarian concern. Experience shows that firm and consistent pressure on the Vietnamese can produce results. Such pressure has already gained more cooperation from Vietnam on the MIA-POW issue and on the emigration of Amerasian children.

In April 1987, the Senate unanimously passed a resolution authored by Senator KENNEDY, which called upon Vietnam to release and allow the emigration of reeducation camp prisoners. This past December, the Congress of the Brotherhood of Asian Trade Unionists passed a resolution demanding that Vietnam release all political prisoners.

My resolution is intended to complement our previous efforts on behalf of reeducation camp prisoners. Identical legislation has been introduced in the House by Representative FRANK WOLF. It is my sincere hope that we will soon be able to resume making real progress on the release and emigration of Vietnamese reeducation camp prisoners.●

POPULATION FRONT

● Mr. GRAHAM. Mr. President, I would like to submit for the RECORD an editorial by Mr. Waldo Proffitt which appeared in the Sarasota Herald-Tribune on February 7. In a time when we hear increasingly more about threats to the global environment, it seems to me that the economic, social, and regional security ramifications of a growing world population are worthy of our serious consideration. To that end, I bring Mr. Proffitt's article to the attention of my colleagues.

The editorial follows:

[From the Sarasota Herald-Tribune, Feb. 7, 1989]

GOOD NEWS ON POPULATION FRONT

(By Waldo Proffitt)

The Census Bureau predicts—with less than 100 percent confidence—that the population of the United States will peak near the 300 million mark about 50 years from now, and decline very gradually for the rest of the 21st Century.

The prediction has brought a mixed reaction. Some people say it's good. Others say it's bad. Permit me to associate myself with those who say it's good. Actually, wonderful.

Most of the world's critical problems can be traced to an imbalance between resources and people. Most of the time we hear the imbalance blamed on a shortage of resources—food, land, money, skill, energy. But it is just as accurate, and more representative of what has been happening, to blame the imbalance on too many people.

In the most advanced and literate nations, men and women of child-bearing age have reacted to problems arising from the resource-people imbalance by deciding to have fewer children. Birth rates in nearly all the nations of Europe have dropped to the replacement level, or lower. Birth rates in the United States are following the same pattern. Our annual rate of population growth is now at .8 of 1 percent and dropping.

Unfortunately, it is the more affluent, better-educated citizens who have done the most to lower the birth rate. And, among nations, it is, with one or two exceptions, the industrialized, prosperous nations which are achieving stable populations, while the poorest nations have the highest birth rates.

You can argue that the thing to do for the well-off citizens or nations is to get busy and catch up in the birth rate race. But it's a prescription for disaster. A race between the "haves" and the "have nots" to see who can procreate the fastest is sure to end with the entire human race numbered among the "have nots." Nobody wins. The way for everybody to win is for the people of the Earth to decide to live within their resources, and it is up to the more fortunate nations to show the way and persuade others to follow.

At some point the population of the human race will stop increasing. Our numbers now stand at well over five billion. We do not know how many people can be supported by the resources of the Earth. The present five billion are not being supported in decent style. At least a billion of them live on the edge of death in hunger, poverty and pain.

No small portion of their suffering results from imperfect economic or political structures or from the simple inhumanity of man to man. If all our social systems worked perfectly, we could probably feed, clothe, and house five billion people.

But how many more? Can the Earth sustain 10 billion people? Twenty billion? World population in this century has been growing at a rate that would lead to a doubling in less than 30 years. That would give us 10 billion by 2020 and 20 billion by 2050.

It ain't gonna happen, friends.

Before it does, population growth will be stopped by pestilence, starvation, or war.

Or by sensible population policies, adopted by sensible nations in their enlightened self-interest.

That would be by far the best way. But it will take a lot of luck and a lot of smarts. Working against it are forces of religion and nationalism and, in the regions of the world with the most to gain from slower population growth, a deep-seated suspicion that the very idea is a scheme by Europeans and North Americans to regain or retain influence and power.

In the Reagan administration, this nation's approach to population policy could be fairly described as dumb. Counterproductive, too. We not only abandoned policies and programs that had long been supported by both major parties, but we talked and acted as if we didn't care about what happens to world population.

I hope that is changing. It's too early to be sure, but I have a feeling the key people in the Bush administration know that population policy is just as crucial as nuclear arms control to the security and prosperity of the nation. And will have to be handled with as much, or more, determination, good sense and good will.

As a matter of fact, in the present state of the world, we will sooner be able to stabilize levels of nuclear weaponry than to stabilize

world population at a level that will allow the people of all nations to enjoy life, liberty and the pursuit of happiness.●

RULES OF THE SELECT COMMITTEE ON INDIAN AFFAIRS 101ST CONGRESS

● Mr. INOUYE. Mr. President, in compliance with section 133(b) of the Legislative Reorganization Act of 1946, as amended, the Select Committee on Indian Affairs is publishing the Committee's rules, which I submit for printing in the RECORD.

The rules are as follows:

RULES OF THE SENATE SELECT COMMITTEE ON INDIAN AFFAIRS FOR THE 101ST CONGRESS

COMMITTEE RULES

Rule 1. The Standing Rules of the Senate, Senate Resolution 4, and the provisions of the Legislative Reorganization Act of 1946, as amended by the Legislative Reorganization Act of 1970, to the extent that the provision of such are applicable to the Select Committee on Indian Affairs and as supplemented by these rules, are adopted as the rules of the Committee.

MEETINGS OF THE COMMITTEE

Rule 2. The Committee shall meet on the second and fourth Thursday of each month while the Congress is in session for the purpose of conducting business, unless, for the convenience of Members, the Chairman shall set some other day for a meeting. Additional meetings may be called by the Chairman as he may deem necessary.

OPEN HEARINGS AND MEETINGS

Rule 3. Hearings and business meetings of the Committee shall be open to the public except when the Committee by majority vote orders a closed hearing or meeting.

HEARING PROCEDURE

Rule 4(a). Public notice shall be given of the date, place, and subject matter of any hearing to be held by the Committee at least one week in advance of such hearing unless the Chairman of the Committee determines that the hearing is noncontroversial or that special circumstances require expedited procedures and a majority of the Committee concurs. In no case shall a hearing be conducted with less than 24 hours notice.

(b) Each witness who is to appear before the Committee shall file with the Committee, at least 24 hours in advance of the hearing, a written statement of his or her testimony with as many copies as the Chairman of the Committee prescribes.

(c) Each Member shall be limited to five (5) minutes in the questioning of any witness until such time as all members who so desire have had an opportunity to question the witness unless the Committee shall decide otherwise.

(d) The Chairman and ranking Minority Member or the ranking Majority and Minority Members present at the hearing may each appoint one Committee staff member to question each witness. Such staff member may question the witness only after all Members present have completed their questioning of the witness or at such other time as the Chairman and the ranking Majority and Minority Members present may agree.

BUSINESS MEETING AGENDA

Rule 5(a). A legislative measure or subject shall be included in the agenda of the next following business meeting of the Committee if a written request for such inclusion has been filed with the Chairman of the Committee at least one (1) week prior to such meeting. Nothing in this rule shall be construed to limit the authority of the Chairman of the Committee to include legislative measures or subjects on the Committee agenda in the absence of such request.

(b) The agenda for any business meeting of the Committee shall be provided to each Member and made available to the public at least three (3) days prior to such meeting, and no new items may be added after the agenda is so published except by the approval of a majority of the Members of the Committee. The Clerk shall promptly notify absent Members of any action taken by the Committee on matters not included in the published agenda.

CONDUCT OF BUSINESS

Rule 6(a). Except as provided in subsections (b) and (c), five Members shall constitute a quorum for the conduct of business of the Committee.

(b) A measure may be ordered reported from the Committee by a motion made in proper order by a Member followed by the polling of the Members in the absence of a quorum at a regular or special meeting.

(c) One Member shall constitute a quorum for the purpose of conducting a hearing or taking testimony on any measure before the Committee.

VOTING

Rule 7(a). A rollcall of the Members shall be taken upon the request of any Member.

(b) Proxy voting shall be permitted on all matters, except that proxies may not be counted for the purpose of determining the presence of a quorum. Unless further limited, a proxy shall be exercised only upon the date for which it is given and upon the items published in the agenda for that date.

SWORN TESTIMONY AND FINANCIAL STATEMENTS

Rule 8. Witnesses in Committee hearings may be required to give testimony under oath whenever the Chairman or ranking Minority Member of the Committee deems such to be necessary. At any hearing to confirm a Presidential nomination, the testimony of the nominee, and at the request of any Member, any other witness shall be taken under oath. Every nominee shall submit a financial statement on forms to be perfected by the Committee, which shall be sworn to by the nominee as to its completeness and accuracy. All such statements shall be made public by the Committee unless the Committee in executive session determines that special circumstances require a full or partial exception to this rule. Members of the Committee are urged to make public a complete disclosure of their financial interests on forms to be perfected by the Committee in the manner required in the case of Presidential nominees.

CONFIDENTIAL TESTIMONY

Rule 9. No confidential testimony taken by or confidential material presented to the Committee or any report of the proceedings of a closed Committee hearing or business meeting shall be made public in whole or in part or by way of summary, unless authorized by a majority of the Members of the Committee at a business meeting called for the purpose of making such a determination.

DEFAMATORY STATEMENTS

Rule 10. Any person whose name is mentioned, or who is specifically identified in, or who believes that testimony or other evidence presented at, an open Committee hearing tends to defame him or otherwise adversely affect his reputation may file with the Committee for its consideration and action a sworn statement of facts relevant to such testimony or evidence.

BROADCASTING OF HEARINGS OR MEETINGS

Rule 11. Any meeting or hearing by the Committee which is open to the public may be covered in whole or in part by television broadcast, radio broadcast, or still photography. Photographers and reports using mechanical recording filming, or broadcasting devices shall position their equipment so as not to interfere with the seating, vision, and hearing of Members and staff on the dais or with the orderly process of the meeting or hearing.

AMENDING THE RULES

Rule 12. These rules may be amended only by a vote of a majority of all Members of the Committee in a business meeting of the Committee:

Provided, That no vote may be taken on any proposed amendment unless such amendment is reproduced in full in the Committee agenda for such meeting at least three (3) days in advance of such meeting. Such proposed amendments shall be mailed to each Member of the Committee at least seven (7) calendar days in advance of the meeting.●

A DISAPPOINTING DECISION—ACCESSIBLE TRANSPORTATION FOR THE DISABLED

● Mr. KERRY. Mr. President, I rise today to express my disappointment at the decision made yesterday by the administration to appeal the U.S. court of appeals decision Adapt versus Department of Transportation [DOT], issued on February 13, 1989. This court ruling represents a step forward in removing transportation barriers facing many of our disabled citizens.

In short, adapt: First, struck down a DOT provision allowing local transit systems to provide services to disabled persons only if advance reservations are made; second, required that buses bought with Federal money be accessible to the handicapped; third, required that a level of transportation be provided to those not able to use buses and; fourth, struck down the minimum 3-percent cap which under current DOT practices allows a State or transit system to comply with the law once they have spent just 3 percent of their operating budgets on disability needs.

If allowed to stand this ruling would help reduce many of the transportation barriers facing our disabled neighbors. It would accomplish this goal as intended by Congress; and since the ruling would phase in the accessibility of public transportation, it would do so without undue expense to State and local governments.

Lack of accessible transportation is a major factor in limiting educational and employment opportunities, which are the key to self sufficiency and independence. Conversely, dependence

resulting from limiting access, not only strips a measure of dignity from capable individuals, but in terms of social services, lost wages, and wasted human potential, it represents an enormous social and economic cost.

These are goals which have been expressed by the President during his campaign, and in his State of the Union Address. This case gave President Bush his first opportunity to act on his pledge to integrate disabled individuals into every facet of every day life. But, unfortunately, with the decision to appeal, a real opportunity for immediate progress in this area, was lost.●

LETTER TO PRESIDENT BUSH ON TAIWAN

● Mr. PELL. Mr. President, I am pleased to note that April 10, 1989, marks the 10th anniversary of the Taiwan Relations Act. The act has served both the United States and Taiwan well for a decade, and I am confident that it will continue to do so in the coming years.

In this regard, I wish to introduce for the record a letter to the President from Mr. David Tsai of the Center for Taiwan International Relations. The letter urges that the future of Taiwan be determined by the people who live on the island. I have long advocated increased democratization and self-determination for the people of Taiwan, and believe that the views expressed in the letter reflect a diversity of political opinion which is increasingly tolerated by the government in Taipei.

The letter follows:

THE CENTER FOR TAIWAN
INTERNATIONAL RELATIONS,
Washington, DC, February 17, 1989.

OPEN LETTER TO PRESIDENT BUSH

President GEORGE H.W. BUSH,
The White House, Washington, DC.

DEAR MR. PRESIDENT: When you visit the People's Republic of China (PRC) later this month, Chinese leaders are bound to talk to you about the "Taiwan question." The Beijing authorities insist that the island is part of their sovereign territory, and refuse to rule out the use of force to make good on this claim. They want the U.S. to press the Taipei authorities to enter into "reunification" negotiations.

We urge you not to make any concessions to the PRC on Taiwan's international status. Four previous administrations have progressively weakened U.S. support for the right of Taiwan's people to decide that question for themselves.

Ever since President Nixon made his historic trip to China in 1972, the U.S. government has left the future of Taiwan up to the "Chinese" on both sides of the Taiwan Strait; for its part, the U.S. merely hopes that this progress will come about by peaceful means.

We insist, in contrast, that sovereignty over Taiwan belongs to the people who live on the island, and to no one else. If the people on Taiwan wish, of their free will, to affiliate by some means with another country, that is of course their right. However, the community of nations should make it clear to the government of the PRC that it will oppose any effort to coerce the people of Taiwan into "reunification" with the PRC.

At present, the people on Taiwan are increasingly demanding the right to decide their future for themselves. In November and December last year, tens of thousands of people all over the island joined in rallies for a "new country, new parliament, and new system of government." Neither the PRC nor the U.S. can afford to ignore these demands.

We strongly encourage you to state explicitly to the Beijing authorities that the U.S. government supports the right of the people on Taiwan to self-determination. In essence, this was U.S. policy prior to President Nixon's trip to China and the issuance of the "Shanghai Communique." Successive administrations have all "acknowledged" that "Taiwan is a part of China." The Reagan Administration went so far as to agree to Beijing's demands that the U.S. gradually reduce and eventually end its sales of defensive arms to Taiwan. According to U.S. law—the Taiwan Relations Act of 1979—these sales are supposed to be based upon Taiwan's needs, not the demands of a nation that threatens to annex the island by force.

Furthermore, unless and until the people of Taiwan enjoy a genuinely democratic form of government, it is not possible for them to determine freely the status of the territory in which they live. As the U.S. State Department has stated in its most recent report on human rights in Taiwan, "[C]itizens do not have the ability to change their government." Therefore, your administration should also, through the appropriate channels, forcefully communicate to the authorities on Taiwan U.S. support for the immediate establishment on the island of a form of government based on the consent of Taiwan's people.

China needs U.S. capital, technology, and diplomatic support as much as the U.S. needs China's markets and friendship. Moreover, improving U.S.-Soviet relations have made the idea of "playing the China card" against the USSR obsolete. Therefore, there is no need for the U.S. to defer to the PRC on the issue of Taiwan's future.

In any event, the U.S. has no right to trade away the rights of the people on Taiwan. While we strongly support friendly and mutually beneficial relations between the U.S. and China, we believe that the U.S. must not pursue those relations at the expense of the 20 million people who live on the "Beautiful Island."

Sincerely,

DAVID W. TSAI,
President.

We are sending this letter on behalf of our organization and the following:

Ken S. Huang, President, Formosan Association for Human Rights.

Jim J. Lee, President, International Environmental Protection Assn.

Wen-yen Chen, President, North America Taiwanese Professors' Assn.

Kun T. Liao, President, North American Taiwanese Medical Assn.

Ben Hsieh, President, Taiwanese Christian Church Council of North America.

Fu-mei Chen, President, North America Taiwanese Spokespersons for Women's Association.

Joyce Weng, President, Society for the Study of Taiwan Literature.

Pearl Tang and Nancy Chen, Women's Movement for Democracy in Taiwan.●

TEN PIECES OF THE DRUG PUZZLE

● Mr. SIMON. Mr. President, in Washington, we are faced daily with headlines telling us we are losing the war on drugs. But no city or community is spared the heart break of ruined lives and wasted potential. In a column I write for newspapers in my State, I offer 10 commonsense suggestions—10 pieces of the drug puzzle that we have to put together. I ask to have it reprinted in the RECORD.

The article follows:

TEN PIECES OF THE DRUG PUZZLE

Talk to someone whose son or daughter has been destroyed by drugs, and the viciousness of this threat overwhelms you.

The United States is 5 percent of the world's population, yet we consume 50 percent of the world's illegal drugs.

The nation's capital is experiencing a wave of murders related to drugs. And while the statistics in Washington are worse than in most places, if we overnight got rid of the drug threat in every urban area of the nation, we would still face a serious blight elsewhere.

In 1988 four times as many people died of cocaine as in 1984.

What can be done?

The more you look at this problem, the more clear it is that the easy, dramatic answers will not work. We'll have to dig in and do the hard, undramatic things that count. What are they?

1. Drug education for all of us. The public education program for cigarettes is working. We're saving lives. We must do the same for drugs. Sometimes I ask high school students, "How many of you have had your parents talk to you about drugs in the last year?" Few hands are raised. Drug education in our schools, on the media, in our churches and synagogues, and in our homes must be an all-out national endeavor. Some years ago, the Kiwanis Clubs had a drug education program. A host of other organizations should follow their fine example.

2. Treatment centers must be available for addicts who want help. In many areas the wait for addicts to get treatment is six months to a year. That waiting period is dynamite. When people recognize they need help, we need to get it to them quickly. The costs of waiting are high.

3. We must recognize most drugs are not used by addicts, but by "good citizens" who want a special thrill. They must understand recreational use is a threat to them and to our society. For example, the majority of child abuse cases today are drug or alcohol-related. The casual user is like the person who lights a match at a service station: It may explode. More than two-thirds of the people now arrested for serious crimes test positive for drugs.

4. To discourage casual users, law enforcement must go after more than the trafficker. Yes, throw the full weight of the law at the person who sells drugs. But the person who buys drugs is part of the crime. With rare exceptions, law enforcement today goes after only the seller. We don't have enough jails to house people if we go after those found possessing or using drugs. But routine fines of $500 or $1,000 for all users—would

help. And I also favor printing in newspapers the names of those convicted of possession or use.

5. Trials for those accused of drug trafficking should be set as quickly as possible so the penalty is prompt, as well as severe.

6. Once people are found guilty of selling drugs, if they wish to appeal they should stay in prison while they appeal. To permit them to post bond after conviction and walk the streets is to invite more drug use and sales.

7. High-rise public housing is often a haven for drug users. Where that is a problem, take a lesson from Vince Lane, the new Chicago Housing Authority administrator, who is firmly cracking down.

8. Some places have inaugurated a hotline where people can call with information about drug dealing but remain anonymous. We need more hotlines and then publicize their existence.

9. For other countries producing drugs we should cooperate in trying to stop production, but make it clear that lack of cooperation by them will result in economic penalties.

10. Finally, there are many "small things" all of us must do to stop the drug traffic. Recently I drove on Cicero Avenue in Chicago and across the large street was a banner: "Beepers Sold Here—No Credit Check."

I asked the young man driving what it meant. He replied that beepers are used by teens selling drugs to avoid being caught.

"The people they're trying to attract sure do," he said, "and anyone under 25 knows what the sign means."

If he is correct, that store is involved in a legal business but the money they make is blood money. The media should shame them out of business.

These 10 things are among pieces of the puzzle that we have to put together. The task will not be easy, nor the battle quickly won. But win it we must.●

BASE CLOSING LEGISLATION

● Mr. SIMON. Mr. President, the clock is ticking on implementing the base closing legislation we enacted last year. I hope my colleagues take a good look at the whole concept before it is too late. I strongly believe that we ought to have tasked the Base Closing Commission to look first at closing overseas bases. But even accepting the Commission's mandate to examine domestic bases only. There are simply too many errors in the Commission's report to let it go unchallenged.

Inaccuracies abound in the case of the two Illinois bases slated for closure, Fort Sheridan and Chanute Air Force Base. My good friend and distinguished colleague from Illinois, Senator ALAN DIXON, has done a tremendous job in ferreting out the many problems with the base closing report in his capacity as chairman of the Readiness Subcommittee of the Armed Services Committee. As Senator DIXON's statement from the March 15, 1989, base closing hearing makes clear, the Commission didn't even find the time to visit Chanute, let alone verify the figures it used to clobber the base and the host community of Rantoul.

Mr. President, the Base Closing Commission did a rush job, and deserves a failing grade. Instead of praising Fort Sheridan and Chanute—both of which have done a stellar job over the years—the Commission chose to bury them. Let's send the Commission back to do the job right.

I commend the attention of my colleagues to Senator DIXON's March 15 opening statement and to a letter I wrote on March 1, 1989, for an open meeting on the future of Chanute, addressed to the acting Secretary of the Air Force. I ask that both Senator DIXON's statement and my letter be printed in the RECORD in full.

The material follows:

SENATOR ALAN J. DIXON, OPENING STATEMENT ON MILITARY BASE CLOSING REPORT, MARCH 15, 1989

Mr. Chairman, it has been my experience in over forty years of public service, that if a public official or public agency is basing decisions on bad information, you get a bad result. If the decision is based on no information, you get a worse result.

That is exactly where we find ourselves in these hearings today. The Base Closing Commission arrived at bad decisions because of bad information. We, in Congress, are trying to arrive at decisions without adequate information. I find this situation intolerable, and it is my intention to keep reminding everyone involved that a lot of mischief is going to be done, affecting thousands of people, simply because the Commission didn't have accurate information before it, didn't visit a number of bases involved, and hasn't given us whatever information it was that they supposedly based their decisions on.

The number of mistakes that have been discovered thus far leads me to believe that the verification process was seriously flawed. Anyone familiar with Chanute knows that this base does not have the shortages the Commission stated it has. Several million dollars have been spent in recent years to improve facilities at Chanute. If these facts had been verified by a visist to Chanute this base would not be on the base closing list today. The simple fact is that the Commission received bad information, this information was not verified by a visit or by a competent staff audit. The system is flawed.

Bad information again was the culprit behind recommending the closure of Fort Sheridan. Savings will not be realized because the Commission substantially underestimated the cost to move missions, the cost to keep open portions of the facility, and a whole host of other cost considerations. As one of the Commissioners noted when he visited the base, this is an important base that contributes greatly to the Army's mission. So, why close it because of bad information?

Before I close, I want to stress one point. The people of Illinois, and I'm sure in other affected areas as well, are more than willing to make sacrifices that will improve our military performance and save badly needed tax dollars. Americans have always done this and always will. Sour grapes is not the issue here. What is hard for many to accept is that they are being asked to suffer hardship because of bad information! It is simply not fair to them to ask them to accept these hardships without competently validating the information that was used by the Commission.

Finally, Mr. Chairman, I want to reiterate—bad information, bad results. No information, worse results. It can't get any worse than this!

QUESTIONS FOR BASE CLOSURE COMMISSION, COCHAIRMAN SENATOR RIBICOFF AND CONGRESSMAN JACK EDWARDS, MARCH 15, 1989

CHANUTE QUESTIONS

1. Both of you stated before a House hearing on 1 March that no information should be withheld from public scrutiny, there is nothing "we have done that shouldn't be available to the Congress of the United States. Why weren't steps taken to insure that information would be available here in Congress as needed so that a proper congressional review could begin?

2. The General Accounting Office, Chanute Air Force officials, and many who are familiar with Chanute Air Force Base indicate that the Base Commission used inaccurate data in determining the availability of facilities at the base. Your report said there is a shortage of facilities for training, administration, warehousing, medical and dental care, bachelor housing and recreational facilities. On the contrary, these shortages do not exist. Mistakes have been made. The Commission recommended moving photo interpretation training from Chanute, but this particular specialized training is not even conducted there. How can we move something that doesn't exist?

[Graphics not reproduced in the Record]

3. (*Chanute figure 1*) This diagram shows the Commission's utility value for Chanute which is based on inaccurate data.

(*Chanute figure 2*) This diagram shows the extent of inaccurate data used for the analysis.

(*Chanute figure 3*) This information makes it clear the Commission's figures do not match what is available at the base. In particular, I call your attention to the bachelor housing figure provided by Chanute which exceeds Air Force requirements, and the medical-dental figure provided by Chanute that is substantially larger than the number used by the Commission.

(*Chanute figure 4*) Facts clearly demonstrate that Chanute gains 43 points and moves into fourth place when accurate data for bachelor housing is substituted for inaccurate Commission data. If Chanute had been accurately evaluted, it would not have been the best candidate for closing in its category because lowest rated bases would have moved in the position as the best candidates for closing.

(*Chanute figure 5*) Chanute is less than 3,000 square feet away from meeting a 1994 requirement for medical and dental facilities. As a result, Chanute is rated yellow, a lower score than the other bases which received the higher green score. However, Chanute meets requirements now, and has, in fact, excess capacity instead of shortages that you claim it has. But let's look at the Commission's figures. Doesn't it make you suspicious that for the other four bases the requirement exactly equals the footage available! To the square foot! Just how accurate are the numbers anyway?

(Chanute figure 6) here is documentation correcting the discrepancies already pointed out. Viewed from the proper perspective, Chanute shares the best rating in the air training command category! In other words, Chanute falls short of being one of the best because it misses meeting its future require-

ments for medical-dental facilities by 1.6 percentage points. My reaction to this is that the Commission's process is flawed. How can we close a base because of a 1.6 percent shortage? Did you also know that the entire third floor of the hospital at Chanute is not even in use at the present time?

4. I am told that Air Force requirements are based on a need to handle an increase in trainees in the 1992-94 time-frame. As they now stand, all their air training bases meet existing requirements. Were you aware of this personnel increase? It could negate savings gained from closing Chanute. If we are increasing trainees, why are we closing a training base? It seems that the Air Force manipulated the requirements to justify closing Chanute!

5. Did the services aggressively propose their own base closing plans to the Commission? Your report states that Air Force plans provided opportunities to close bases. Does this mean the Commission lost some of its independence, by relying too much on these plans?

6. In your statement, you state that the economic impact of closing Chanute will be "moderate" yet the mayor of Rantoul has indicated the town will lose nearly 45 percent of its population. I'm told that closing Chanute is like closing all automobile plants in the Detroit area. The impact is devastating! If that's moderate, I would hate to see what you would call severe!

FORT SHERIDAN QUESTIONS

7. (Fort Sheridan graphic). Your report says that it will cost $68 million to close Fort Sheridan. Defense Department officials have indicated it will take about $153 million to close down—a difference of about $85 million. According to the GAO, Sheridan officials say that only 342 personnel positions of a Commission-projected 746 can be eliminated, thus substantially reducing the so-called savings. Furthermore, after the Federal, State, and local governments and any other interested parties get through carving up Fort Sheridan, it seems very little money, if any, will be saved. So why close a base that the Army says is important to its mission and was rated high among bases in this category?

8. I also understand that the Commission set aside phase I and made all bases in the Army headquarters/administration category eligible for closing consideration. Isn't this contrary to the stated preeminent consideration for closing a base being its reduced military value? Did discussions of selling valuable Sheridan property overwhelm this preeminent consideration?

9. I understand that a member of the Commission, Admiral Rowden, visited Fort Sheridan on the 8th of December just a few weeks prior to the release of your report. He was quoted as saying, "Fort Sheridan was not well presented to the Commission". He further is quoted as saying that the Department of the Army has not properly presented the Fourth Army's Reserve and National Guard responsibilities to the Commission. Just what information did you consider in closing Fort Sheridan? Did you consider the information presented by the admiral?

10. The Services have told me that there is a real shortage of family housing for military families in the Northern Illinois area. Among Fort Sheridan's facilities is a considerable number of family housing units (496 family quarters). Did the Commission ever consider making these units available for families serving at other armed services facilities in the Chicago metro area? Did the Commission ever consider whether this alternative might be more cost-effective than building new housing at the other bases?

11. Did the Commission know that the Fourth Army had decided to move the 416th Engineering Command, 85th Division and 86th Division Commands to Fort Sheridan, utilizing buildings that have become empty because of new construction?

12. Admiral Rowden stated to Fort Sheridan officials that a senior Army official told the Commission, "There are other places that need to go before Fort Sheridan." So just what information did the Commission use to decide to close Fort Sheridan?

OTHER BASE CLOSING QUESTIONS

13. (Construction cost graphic). Other Commission errors have been found as well. The majority clerk found that the Commission underestimated by 33 to 50 percent the construction cost to support the closure of Norton Air Force Base and the partial relocation of Norton missions to March Air Force Base. If Commission cost estimates are similarly flawed nationwide, total construction cost could reach $2.7 billion or more than the entire domestic construction cost budgeted for all services in fiscal year 1990. The Commission estimate for total construction cost is $1.8 billion. The difference would reduce Commission 20 year savings estimates by nearly a billion dollars to $4.7 billion. This is just one example of cost estimate mistakes. Considering these and others that have been pointed out can the Congress accept your recommendaions? I think not.

14. Bases in the Southeastern area of the Nation will remain virtually intact after closure and realignment. Thousands of letters and at least one study from this area were sent to you to influence your decision. What impact did they have and did you avoid bases for political reasons as many have suggested?

U.S. SENATE,
Washington, DC, March 1, 1989.

Hon. JAMES MCGOVERN,
Acting Secretary of the Air Force, Washington, DC.

DEAR MR. SECRETARY: I am writing about the scoping meeting you are sponsoring today in Rantoul, Illinois, concerning the closing of Chanute Air Force Base. I am opposed to the closing of Chanute and I have several other concerns as well.

No agenda has been received by my office for this meeting. Additionally, the only notice I received was from the Public Affairs Office at Chanute on February 27th. I was disappointed to learn that the Rantoul city officials were not informed in writing of this scoping meeting.

I have had serious concerns about the Base Closing Commission and the process it used from the start, well before Chanute was identified for closure. I was one of seven in the Senate voting against establishing the Commission, and my concerns then about basic fairness and the thoroughness of the process used by the Commission have been borne out.

First, as far as we can determine, the Commission did not even visit the base. I find this incredible, and in itself warrants serious re-examination of the entire effort. How many other bases were not visited?

Second, upon staff examination, it appears that there are serious discrepancies in data. For example, in an Economic Resource Impact Statement delivered to my office on February 16th, the square footage available for Training Facilities is listed as 1,583,016; yet the Commission reported that there were only 1,467,933 square feet available, a factor used against Chanute in the Commission's decision. In fact, Chanute has added 5,000 additional square feet since then, and so the total is actually 1,588,206 square feet, much closer to the requirement established by the Commission.

Similarly, medical and dental facilities are listed by the Commission at 89,562 square feet, falling short of the Commission's requirement of 104,502 square feet. In fact, Chanute has available 173,023 square feet, well above the minimum requirement.

Where did the Commission get its figures? No one seems to know. There are many other discrepancies of this sort that Mayor Podagrosi, Senator Dixon, Congressmen Madigan and Bruce, and I are looking into.

Third, in the last decade Chanute has undergone a major upgrade in facilities. About $180 million has been spent for new capital stock, much of which has gone into improving Chanute's readiness and training programs. Quality of life is high; in 1988 alone the base won Air Force and Air Training Center awards for best food service; best services; best family housing management office; and highest readiness in the Air Force Technical Training Command.

Fourth, the mandate of the Commission to look only at domestic bases made no sense. We have basically the same military commitments overseas today, when we are 20 percent of the world's economy, as we did at the end of World War II when we were 40 percent of the world's economy. Closing down some overseas bases and facilities, and bringing home troops and dependents, and accordingly shutting down all the infrastructure like base schools and hospitals, will surely bring about much greater savings over time than those estimated by the Commission for domestic bases.

Finally, it is my sense that the Commission did a classic "rush job," much like a student staying up all night to finish a term paper. The entire effort was conducted in a matter of a few short months, and as I noted earlier, they did not do their homework. How can you rule on a base like Chanute when you do not even visit the base or take the time go get the right figures?

There are other problems with the decision on Chanute, and I will be working with my good friends Senator Alan Dixon, Congressman Terry Bruce and Congressman Ed Madigan and others in the state to point out the flawed job done by the Commission. I would appreciate your taking a close look at this whole process and providing me with a clarification of the points I have raised here tonight, and an update on what the Air Force and the Department of Defense are doing to assist and work with the community of Rantoul.

Cordially,

PAUL SIMON,
U.S. Senator.●

DIXON, IL, AND DICKSON, U.S.S.R.—SISTER CITIES

● Mr. SIMON. Mr. President, for several years now the people of Dixon, IL, have had a sister city relationship with the people of Dickson, U.S.S.R., located in the Krasnoyarsk Territory of Siberia. I have been pleased to help this relationship along, and I have recently been informed that the two cities issued a joint declaration and

sent a joint letter to Presidents Reagan and Gorbachev last August.

One of the people most responsible for this effort is the mayor of Dixon, James E. Dixon. Mayor Dixon of Dixon has fought hard to make the sister city idea a reality, and his perseverence paid off. His vision of an involved citizenry, one that is actively engaged in trying to improve understanding between different cultures, is one reason why people-to-people diplomacy has become a success.

Mr. President, I ask that the joint declaration and joint letter between the people of Dixon, IL, and Dickson, Krasnoyarsk, U.S.S.R., be printed in the RECORD.

The material follows:

JOINT DECLARATION

James E. Dixon, Mayor of the City of Dixon, Illinois, of the United States of America, and Nikolai P. Kartamyshev, Mayor of the City of Dickson, Krasnoyarsk Territory, of the Union of Soviet Socialist Republics, declare on behalf of their respective citizens that they have established a "Friendship City" relationship between the two cities to promote mutual understanding and friendly cooperation as follows:

(1) We shall exert ourselves to promote mutual understanding and friendly relations between our two communities.

(2) We shall support and encourage interchange and cooperation by the citizens of our communities in every field, including city administration, education, and economic and cultural development.

(3) We shall promote the study of the English and Russian languages in our respective schools and institutions because we know our ability to communicate is essential to mutual understanding and friendship.

(4) We shall communicate the message "Dixon-Dickson" We Are The World" to all peoples because we are from small communities and representative of the great majority of common people throughout the world.

(5) We shall encourage other communities to join in friendly relationships as a means of promoting peace and welfare for all of mankind.

Both the Mayors declare this "Friendship City" relationship to be established on this date, that the document shall be published both in English and in Russian to be preserved by the two cities, and that it shall be communicated to General Secretary Gorbachev and President Reagan.

August 29, 1988.

JAMES E. DIXON,
Mayor of the City of Dixon, State of Illinois, United States of America.

NIKOLAI P. KARTAMYSHEV,
Mayor of the City of Dickson, Krasnoyarsk Territory, U.S.S.R.

COPY OF JOINT LETTER AUGUST 29, 1988 TO PRESIDENT REAGAN AND GENERAL SECRETARY GORBACHEV FROM MAYOR DIXON AND MAYOR KARTAMYSHEV

We, James E. Dixon and Nikolai P. Kartamyshev, elected Mayors of the cities of Dixon, Illinois, USA, and Dickson, Krasnoyarsk Territory, USSR, on behalf of the absolute majority of our residents, address to you the message of peace and friendship which we hope will meet your understanding and support.

Almost two years ago, after we knew about the existence of each other's towns whose names are almost identical, we began working to establish between us friendly relations. We are united by a dream that, despite all dividing distances and barriers, we would be able to make a contribution to mutual undertanding between our nations, because we know that the relationship between our countries greatly influences the events of the world.

With the support of the residents of our two towns, and with active participation of a group of volunteers or activists, our ties are developing, broadening in scope, and becoming more diverse, interesting and concrete. In the period from August 24 through August 30, 1988, in the city of Dixon, Illinois, we held our first meetings which were conducted in a special atmosphere of heartfelt friendship and mutual understanding. We found that there were many more things we held in common than there were differences between us.

We consider our ties as a further development of those measures that were undertaken by you in bringing together the peoples of the USA and USSR. In our opinion your efforts aimed at peace and trust are in extreme need of support nationwide from both sides.

We have selected as a symbol of our ties a human heart divided in two halfs. The first half is the Soviet flag and the second is the American flag. We think that the destiny of the peace in the world depends to a great extent on us. We consider that the destiny of the Soviet-American relations and peace in the world as a whole depends to a great extent on the effectiveness of "peoples diplomacy" or "citizens diplomacy", and it also depends on the strength of those ties that are borne from the heart of one individual to the heart of the other.

We call on you to cooperate in order to resolve the conflicts and difficulties which still face us. In the interest of preserving peace and security for all of us now living in the world, and for all future generations, we need to remove any still existing difficulties and restrictions.

In the final analysis, peace is essential to all human progress and for the prosperity of each human being on this planet. Let there be peace in the world.

August 29, 1988.

Sincerely yours,

JAMES E. DIXON,
Mayor, Dixon, Illinois, USA.
NIKOLAI P. KARTAMYSHEV,
Mayor, Dickson, Siberia, U.S.S.R.●

CONGRATULATIONS AMERICAN LEGION'S CHARLES JOINER

● Mr. BOND. Mr. President, on May 7, 1989, Mr. Charles Joiner of St. Louis, MO, will be honored as the Legionnaire of the Year, by the 11th and 12th Districts Department of Missouri American Legion. I have been acquainted with the good deeds and service of the American Legion for some years and I am indeed happy to relay my congratulations to a 37-year member.

Mr. Joiner became a member of the American Legion after serving honorably in the U.S. Navy during World War II. In 1974 Mr. Joiner was elected commander of St. Joseph Memorial American Legion Post 525 and is presently serving as post service officer. In 1979 he served as the 11th district commander. Mr. Joiner continues to be active in a number of civic, social, and service organizations.

Because of his tireless service to others, Charles Joiner's colleagues have selected him as the Legionnaire of the Year. I would like to take this opportunity to congratulate Mr. Joiner for this high honor and commend him for his continued involvement.●

THE USE OF PILOT CALL SIGNS IN THE LIBYAN MIG SHOOTDOWN: THE NEED FOR CAUTION IN AN ERA OF TERRORISM

● Mr. McCAIN. Mr. President, we are not used to thinking of Americans as the target of terrorism, or of individual members of our military as being made the target of such attacks because of the conflicts between nations. Recent events, however, have made it all too clear that we need to be extremely cautious in how we treat the names of any members of our forces who become involved in combat with terrorist states like Iran and Iraq. The attack on the family of the officer who commanded the *Vincennes* when it mistakenly shot down an Iranian air liner is all too tangible a case in point.

This is why I believe that we need to pay special attention to any press reports that may help terrorists identify members of our military, or their families, to terrorist elements. I also wish to draw the Senate's attention to a case in point. On March 16, 1989, George Wilson wrote an article in the Washington Post entitled "Despite New Details, Libyan Mig Incident Is Still Puzzling." In this article, he quoted other F-14 pilots who gave him the call signs of the pilot and the navigator of one of the F-14's that shot down a Libyan Mig-23 on January 4, 1989.

The actual names behind these call signs are known so widely that their use may well make the officers involved, and their families, the subject of terrorist attacks. In fact, I have been given a copy of a letter by one of the wives of the officers involved to George Wilson, and I think it is a warning to all of us as to how dangerous it is to reveal or publish any information that could target a member of the military or a military family.

Mr. President, I will ask that this letter be included in the RECORD in full. I do want to point out, however, that we all tend to be guilty of being a bit careless about the subject of terrorism. We in the Congress need to watch our words and be exceptionally careful about leaks. The press needs to weigh the value of color in a story against the risks to those concerned. Members of the services and executive branch need to remember that they

have the ultimate responsibility for protecting sensitive and classified data.

I, in fact, have some concern about even discussing this issue in public because it might become a self-fulfilling prophecy. The families involved have made it clear, however, that they feel a general warning now might help other families in the future. I trust that all of us will work together to ensure that this warning will not go unheeded.

Mr. President, I ask that the letter to which I referred be printed in the RECORD.

The letter follows:

APRIL 4, 1989.

DEAR MR. WILSON: After reading your article printed in the Washington Post (Sunday, March 28, 1989) I felt compelled to write to you and ask you to please answer this one question for me. "Why in the world did you identify the call signs of both pilot and RIO in your article?" These military call signs identify individuals and are well known throughout the military community. Even the civilian communities abroad, who host our husbands' ships and squadrons while deployed in the Mediterrean know these "nicknames."

Believe me, since this incident, my family as well as the other families involved, have developed a deep respect for the media across the United States. As of January 5, 1989, many news sources had identified all parties involved in the MIG incident. At the request of the Defense Department, for the safety of our lives, our identities were not revealed to the American public. I do not appreciate what you have done! I turn on my television to see the silhouette of a Navy Captain's wife, whose van has been bombed, who has lost her job, who cannot return to her home, and lives in fear for her family. Others in your profession exercised admirable restraint in withholding all references to air crew identities—why couldn't you?

Since the events of January 4th, our lives have changed and I would appreciate any future articles on your part, to consider our safety and wellbeing!●

CONGRATULATIONS TO STARR MOORE

● Mr. BOND. Mr. President, I rise today to call attention to an outstanding individual from my home State of Missouri. Starr Moore, an 8-year-old resident of Seneca, MO, can be considered a superhero by her family, friends, and fellow citizens since saving the lives of her brother, sister, and parents.

I believe that this young person's heroic actions are outstanding and should be noted. Through the Latchey Program, sponsored by Oak Hill Hospital in southwest Missouri, Starr learned about fire safety measures. Little did she know that within a week's time she would put these safety measures to use.

Starr led her 2-year-old brother and 4-year-old sister to safety after awaking to the smell of smoke and fire in the bedroom that they shared. She awakened her parents and they escaped, also unharmed. If it had not been for Starr's bravery and calm, the family could have perished.

The ability to face such a frightening and dangerous situation with courage is a remarkable feat and reflects Starr's intelligence and maturity. It is my pleasure to extend sincere congratulations to Starr Moore and to her remarkable family for Starr's heroism in saving the lives of her family.●

THE 1988/89 YOUNG WRITER'S CONTEST

● Mr. ROBB. Mr. President, I am pleased to bring to your attention, and to that of my colleagues, some very good news about young people. I speak of all the first through eighth graders who participated in the 1988/89 Young Writer's Contest, and particularly of this year's winners.

The Young Writer's Contest Foundation [YWCF] was formed to complement writing curricula in the classroom, and is designed to encourage the necessity for effective communication at a time when it is not uncommon to read and hear discouraging statistics about declining language skills in this country.

Writing is thinking; thinking is the heart of learning, and from the hearts of our children come the words that describe their thoughts of wonder, delight, and even confusion. These words are the messages of today's youth, which in the blink of an eye will be tomorrow's future.

Along with their educators, the 12,000 youngsters who entered the Young Writer's Contest this year deserve recognition for their efforts in rising to meet the challenge for excellence in language arts, an area of the highest national priority. It is especially pleasing to note that more than 30 Department of Defense dependents schools abroad submitted their students' work this year. These children of the men and women in the U.S. Armed Forces serving this Nation so far from home added a new dimension to this most worthwhile activity.

I applaud Ronald McDonald Children's Charities for supporting the Young Writer's Contest, I commend the educators for their dedication, and I take great pride in providing the names of the winners—among them, five from Virginia.

The original poems, stories, and essays written by the winners of the Young Writer's Contest will be published next month in the 1989 Rainbow Collection. In this, the Year of the Young Reader, as designated by the Library of Congress, there can be no more appropriate prize for winning than a book created by children, for children.

The list follows:

1989 WINNERS SCHOOL LIST

City and State	School	Student	Age
Trussville, AL	Hewitt Elementary School	Brian Layfield	8
Cave Creek, AZ	Cave Creek School	Cliff Biffle	7
Anaheim, CA	South JHS	Stephanie Cheung	13
Burlingame, CA	Burlingame Int'med School	Karen Paik	11
Cypress, CA	Arnold Elementary School	Bethany Martin	9
Walnut Creek, CA	Dorris-Eaton School	Sheri Shakeri	13
Denver, CO	Park Hill School	Julia VanBenthuysen	8
Englewood, CO	Cherry Hills Village Elem	Ben Blum	7
Glenwood Springs, CO	Glenwood Spgs. School	Maya Kurtz	10
Lewis, CO	Lewis-Arriola Elementary School	Jenny Williams	11
Lewis, CO	Lewis-Arriola Elementary School	Liz Wilber	12
Loveland, CO	Big Thompson Elementary School	Park Hays	11
Guilford, CT	Melissa Jones School	Kara Kramar	8
Higganum, CT	Haddam Elementary School	Ian G. Chriss	12
Bear, DE	M.B. Leasure School	Jessica Fitzpatrick	7
Lewes, DE	Shields Elementary School	Dana Smith	8
Milford, DE	Milford Mdl School	Craig Bozefsky	13
Milton, DE	Milton JHS	Brian Hawthorne	14
Wilmington, DE	Bancroft School	Joey Tridente	9
Howey in the Hills, FL	Howey Gifted Center	Amanda Morehead	10
Miami, FL	O. Hoover Elementary School	Pierre Hachar	8
Miami, FL	Southwood JHS	Rod Dunaye	13
Miami, FL	Southwood JHS	Cameron McPhee	12
W. Palm Beach, FL	Palmetto Elementary School	Janice Wedge	10
Calmar, IA	C.F.S. Cath. School	Melanie Sabelka	13
Buffalo Grove, IL	St. Mary's School	Karen Schulte	12
Chicago, IL	Clinton School	Taeyun Kim	13
Chicago, IL	Hawthorne Schol. Acad.	Christopher Oquendo	12
Chicago, IL	J. Kinzie School	Kathi Sadowski	11

1989 WINNERS SCHOOL LIST—Continued

City and State	School	Student	Age
Chicago, IL	J. Kinzie School	Brian Powers	12
Lake Forest, IL	Lake Forest Country Day	Consuelo Pierrepont	7
Winnetka, IL	North Shore Country Day	Lisa Rosen	13
Overland Park, KS	Indian Woods Mdl School	Victor Wishna	14
Burlington, KY	Kelly Elem School	Maria Anderson	10
Baker, LA	Baker Mdl School	Jezreel Phillips	12
Baton Rouge, LA	Audubon Elem School	Brian Coogan	9
Baton Rouge, LA	Audubon Elem School	Jason Kunstler	8
Baton Rouge, LA	Wedgewood Elem School	Catherin Amy Macris	9
Franklinton, LA	Franlinton Prim. School	Joshua Penton	6
Franklinton, LA	Franklinton Primary School	Mitch Fleming	7
Jeanerette, LA	Grand Marais Elem School	Joshua Berard	5
New Iberia, LA	Peebles School	Trent Landry	8
New Orleans, LA	L.S. McGehee School	Elizabeth Vaughan	11
Shreveport, LA	S. Highlands Elem Magnet	Joey Neugart	9
Shreveport, LA	Summer Grove School	Erin Waddell	8
Ipswich, MA	Winthrop School	Chris Nylen	9
Newburyport, MA	R.A. Nock Mdl School	Christina Babcock	11
Dover-Foxcroft, ME	SeDoMoCha Mdl School	Andrew Witmer	12
Livonia, MI	St. Genevieve School	Michelle Mudge	11
N. Branch, MN	N. Branch Elem School	Terese Zidon	10
Blue Sporings, MO	J. Lewis School	Matt John	8
Columbia, MO	Oakland JHS	Jeremy Murphy	13
Imperial, MO	Seckman Elem School	Richie McNelly	7
Bay St. Louis, MS	Bay Catholic Elem School	Sarah Taylor	9
Greensboro, NC	Erwin Open School	Emily Keith	9
Greensboro, NC	Erwin Open School	Elizabeth Osborne	9
Winfall, NC	Perquimans Mdl School	Christopher Gregory	11
Omaha, NE	W. Cather Elem School	Chris Koch	9
Hampton, NH	Hampton Academy	Suzanne McCaddin	13
Hamilton Square, NJ	St. Gregory School	Brendon Ford	12
Skillman, NJ	Orchard Road School	Jocelyn Medina	10
Albuquerque, NM	Arroyo del Oso School	Karen Shoebotham	8
Albuquerque, NM	Taylor Mdl School	Chandra Imel	13
Las Vegas, NV	C.W. Woodbury JHS	Kelly Hooker	12
Las Vegas, NV	Dell H. Robinson School	Brandi Gessells	13
Bronx, NY	Community Elem School 73X	Naomi Sotero	10
Dix Hills, NY	Chestnut Hill Elem School	Elyse Leemon	12
Harrison, NY	L.M. Klein Mdl School	Suzanne Foley	12
Long Beach, NY	LARC/Long Beach Schools	Lynn Bixenspan	9
Manhasset, NY	Shelter Rock School	Alison Berest	9
Rochester, NY	East HS	Jennifer Conrow	13
Brecksville, OH	Chipewa Elem School	Jenny Wyant	8
Columbus, OH	Mifflin Int. School	Alfie Brody	13
Columbus, OH	Monroe Trad. Mdl School	David Schulte	13
Columbus, OH	Ridgeview Mdl School	Panqing He	13
Lake Oswego, OR	River Grove Elem School	Joanna Piatek	11
Portland, OR	Glencoe Elem School	Jonah Attebery	7
Portland, OR	Glencoe Elem School	Heather Blair	8
Gettysburg, PA	St. Francis Xavier School	John Hayden	11
Mechanicsburg, PA	Good Hope Mdl School	Elizabeth Doty Wood	12
Mechanicsburg, PA	Good Hope Mdl School	Robert Powell	13
Monessen, PA	Monessen Elem School	Allyson Bill	11
Royersford, PA	Spring-Ford Mdl School	Dee Ruley	12
Tiverton, RI	Tiverton Mdl School	Adrian Danieli	13
Memphis, TN	Newberry Elem School	Gregory Stroup	10
Houston, TX	Memorial JHS	Claudine Christoforides	11
S. Jordan, UT	Jordon Ridge School	Adam Mangone	8
Salt Lake City, UT	Bryant Intmed. School	Jessica Wilson	13
Salt Lake City, UT	Emerson School	Saliee Ann Sudbury	5
Chantilly, VA	Franklin Int'med. School	Tina Herring	13
Chantilly, VA	Franklin Int'med. School	Angie Saleeba	13
Culpeper, VA	Culpeper Christian School	Meredith Mathews	10
Kilmarnock, VA	Lancaster Int'med School	Katina Myers	12
Mechanicsville, VA	Rural Point Elm School	Matt Gathright	9
Hartford, VT	Hartford Elem School	Mary Wilson	8
Brooklyn, WI	Brooklyn Elem School	Amanda Jeidy	8
Mequon, WI	Wilson School	Ryan Wolf	7
Elm Grove, WV	Elm Grove Elem School	Kate Bryant	11
Barrigada, Guam	Tamuning Elementary School	Matthew Wolff	8
Rio Piedras, Puerto Rico	Mater Salvatoris School	Rosa Mariella Fullana	7
Dept. of Defense Dependents Schools:			
West Germany	Landstuhl American School	Shannon Becker	14
West Germany	Landstuhl American School	Alison Howard	13
Okinawa	Becthel Elementary School	Stephanie Souchy	10

THE 100TH BIRTHDAY OF THE ADRIAN JOURNAL

● Mr. BOND. Mr. President, in January 1989 the Adrian Journal celebrated its 100th birthday. The Journal is the oldest continuous business in the city of Adrian, MO.

The paper was established in 1889 by Hutchison and McBride. From 1890 to 1935, the paper was published by J.E. Dowell, and upon his death in 1935 publication was assumed by his son, John Dowell, Jr. In 1947, the widow of John Dowell, Jr., Alyeene Moore Dowell and his son Emery B. Dowell assumed its operation. The Journal remained in the Dowell family until 1950 when it was leased to Bill and Shirley Vick of Kansas City. It was later sold to Jack and Elaine Curtis of Worland, WY, who operated the newspaper for 4 years then sold it to Bob and Linda Gunn. In 1982 the paper was incorporated and Steve and Linda (Gunn) Oldfield became co-owners of the newspaper.

Freedom of speech and a free press is a cornerstone of the American way of life. The Adrian Journal has been providing the people of Adrian and the surrounding towns important information about the community in which they live for 100 years. I wish to extent my congratulations to the Journal and its owners and I hope that the newspaper will continue to provide such excellent service for another 100 years.●

A VERY TALENTED MINNESOTAN

● Mr. DURENBERGER. Last week thousands of Minnesotans sat in their living rooms with their "Homer Hankies" in hand, rooting for a hometown hero. They weren't watching a sporting event or competition, but the evening held as much pride and warmth for us as did those remarkable

days of October 1987, when our own Minnesota Twins won the World Series.

Last week young Jason Gaes brought an Academy Award—an Oscar—home to Worthington, MN. I find it a special honor to recognize Jason and his family in the CONGRESSIONAL RECORD today, for theirs is a season of struggle and triumph—and all of us are proud that his work has achieved world-wide notoriety.

Jason Gaes' book, "You Don't Have to Die" was the basis of the documentary which was nominated for—and won—the prestigious academy's award for excellence in a documentary film. It depicts, with realism and compassion, the very traumatic experience of a young person coping with terminal cancer.

His courage and strength inspires awe in those whom have never experienced the tragedy of cancer. And, for those who have felt such pain—either first hand or through a loved one—we applaud Jason's openness and ability to cope.

I have included for the RECORD the leading article which appeared in the Worthington Daily Globe on Thursday, March 30, 1989, by Globe staff writer Jill Callison.

The article follows:

JASON'S FILM WINS OSCAR!

(By Jill Callison)

LOS ANGELES.—It was well worth a two-hour wait on the edge of a chair.

As the listing of Academy Award nominees for best documentary short subjects was recited by actors Jeff Goldblum and Geena Davis Wednesday night, the tension mounted.

A documentary about an extraordinary educational experiment, a Japanese family's internment during World War II, five months with a street gang, a 75-year-old photographer and "'You Don't Have To Die,' about a kid with cancer who beat the odds and showed us how other kids can." Goldblum said.

The envelope was torn open. "And the Oscar goes to 'You Don't Have to Die.'" announced Davis, herself the recipient of an Oscar earlier in the evening.

"We'd like to thank the Gaes family, whom the film is about," said producer William Guttentag, who spoke first in accepting the award.

And all over Worthington and the surrounding area, people gathered around their television sets cheered.

"You Don't Have to Die," a combination of animation, reenactment and the simple re-telling of the day Craig and Geralyn Gaes learned their 6-year-old son, Jason, had a rare form of cancer and was probably going to die and the months of treatment afterward.

Jason didn't die, however. When he was 8 years old, with the end of two years of surgery and chemotherapy in sight, he wrote a book about his battle with cancer, to give hope to other children who were facing the same fight.

"Sometimes when your sick from a treatment you miss school but try to make up your work cause colij makes you have all your work done before you can be a doctor. And I'm going to be a doctor who takes care of kids with cancer so I can tell them what its like," Jason wrote.

The book, illustrated by Jason's brothers, formed the basis for an invitation to a party the Worthington family threw after Jason completed cancer treatment. Copies of the book circulated and eventually the American Cancer Society began distributing it with the family's permission.

It was then printed in hard cover and Jason, accompanied by his mother and other family members, began appearing on talk shows, news shows and in print in every major newspaper and magazine in the United States.

A film crew appeared, guided by Guttentag and Malcolm Clarke with two actresses as the executive producer. Jason's story was turned into a half-hour Home Box Office special, which led to its Academy Award nomination.

Jason and his parents sat in the audience at Shrine Auditorium in Los Angeles Wednesday night. Following the Academy Awards ceremony, they planned to attend a party where Jason had hopes of glimpsing a favorite actor, Sylvester Stallone.

"It's not the actual awards that interest him," Geralyn Gaes said of Jason before they left for Los Angeles. "He's excited about who's going to be there after the presentation."●

BUDGET AMENDMENT FOR TV-MARTI

● Mr. HOLLINGS. Mr. President, earlier today in the Commerce, Justice, State Appropriations Subcommittee we reviewed the 1990 budget requests of the U.S. Information Agency. Mr. Marvin Stone, the Acting Director was our main witness and we discussed television broadcasting to Cuba. When I asked him if the administration was going to followup their support of the authorization for TV-Marti with a budget amendment, Mr. Stone said they would be meeting with the Office of Management and Budget on Friday to discuss a budget amendment providing the full $16,000,000.

Mr. Stone then indicated his concern that USIA not be forced to absorb the $16,000,000 within the current amount requested. He is exactly right on that as we finally have the modernization of the Voice of America underway after several false starts.

Mr. President, I am also pleased to announce the following additional cosponsors of S. 375, the bill I introduced on February 8, 1989, to authorize TV-Marti: The distinguished junior Senator from Mississippi [Mr. LOTT], the distinguished senior Senator from Idaho [Mr. MCCLURE], the distinguished senior Senator from Arizona [Mr. DECONCINI], the distinguished junior Senator from Louisiana [Mr. BREAUX], and the distinguished junior Senator from Utah [Mr. HATCH]. Mr. President I ask unanimous consent that these Senators be added as cosponsors to S. 375.●

ORDER OF PROCEDURE REFERRAL OF CONTRA AID BILL

Mr. MITCHELL. Mr. President, I ask unanimous consent that, once the Contra aid bill is introduced in the Senate later today, it be referred to the Committee on Appropriations and the Committee on Foreign Relations, and that the Foreign Relations Committee be discharged from the further consideration of the bill at the close of business on Wednesday, April 12, and that that committee be limited to a hearing only with the understanding that this unanimous-consent agreement not be interpreted to be setting a precedent for any further referrals.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT TO RULE XXV

Mr. MITCHELL. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. (Mr. KERREY). The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 100) to amend paragraph 3(c) of rule XXV.

Resolved, That rule XXV, paragraph 3(c) is amended as follows:

Strike the figure after "Indian Affairs" and insert in lieu thereof "10".

The PRESIDING OFFICER. Is there objection to its immediate consideration?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 100) was agreed to.

Mr. MITCHELL. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. DANFORTH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MITCHELL. I yield the floor to the Senator from Missouri.

EASTERN AIRLINES

Mr. DANFORTH. Mr. President, the news this morning is that Eastern Airlines' three striking unions—the machinists, the flight attendants, and the pilots—have reached an agreement with Peter Ueberroth that is expected to put Eastern back in business. Mr. Ueberroth has called the accord "a historic labor peace, a historic labor partnership."

Indeed, the Washington Post reports that Mr. Ueberroth was seen at one point yesterday afternoon walking with his arm around the shoulder of

Charles Bryan, the head of Eastern's machinists union.

Mr. President, congratulations are in order. First, congratulations to Eastern's employees. Soon they will be back at work. This is good news. It is good news for them, for their families, and for the traveling public. We look forward to their return. Second, congratulations to the leaders of Eastern's unions, to Peter Ueberroth, and to bankruptcy examiner David Shapiro, who, together, hammered out this deal. Finally, Mr. President, congratulations are in order to our distinguished majority leader. Without his courage and forbearance, it is unlikely that Eastern's employees would have this good news today.

Mr. President, at this time last week, Eastern's future was uncertain. Although there were indications that an eventual agreement might be struck between Mr. Ueberroth and Eastern's employees, in the Senate there was a motion pending to proceed to consideration of legislation that would have put these negotiations on hold for 26 days. This legislation would have set up a Presidential Emergency Board, and required Eastern's Unions to renegotiate with Frank Lorenzo. It would have taken Eastern back to March 4, and would have interfered with the orderly proceedings that had been established by U.S. Bankruptcy Judge Burton Lifland.

Mr. President, the pressure on the majority leader to proceed to this legislation must have been intense. The House of Representatives had acted on this bill on an expedited basis. It passed the House on a vote of 252 to 167. The chairman of the Senate Labor Committee told the Senate that there was an "urgent" need for the legislation. He said that there was "an emergency." He called for Federal intervention, on an expedited basis, with eloquent and impassioned pleas.

But, Mr. President, the distinguished majority leader resisted. He exercised an independent judgment. He withdrew the motion to proceed. Today's good news bears out the wisdom of his decision. Instead of being back in negotiations with Frank Lorenzo, today Eastern's employees are looking forward to a new relationship with a new employer. The future is bright.

Mr. President, the free market works. People solve their own problems. The Federal Government doesn't have all the answers. I congratulate the distinguished majority leader for his statemanship, for a job well-done, for his widsom in keeping the Federal Government out of the way, and for his acting in the best interests of Eastern's employees, their families and the traveling public.

Mr. MITCHELL. Mr. President, I thank the distinguished Senator from Missouri very much for his kind words. It is not false humility to say that they are not deserved, but I do appreciate it very much.

I commend the Senator from Missouri for the important role he played in that matter as well. He deserves as much credit as anyone in this institution for whatever role we played in the effort. I thank him very much.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Senate Resolution 4, 95th Congress, Senate Resolution 448, 96th Congress, and Senate Resolution 127, 98th Congress, as amended by Senate Resolution 100, 101st Congress, appoints the following Senators to the Select Committee on Indian Affairs: the Senator from Nevada [Mr. REID] and the Senator from Washington [Mr. GORTON].

ORDERS FOR TOMORROW

RECESS UNTIL 9:30 A.M.

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:30 a.m. tomorrow, Wednesday, April 12.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. MITCHELL. Mr. President, I further ask unanimous consent that following the time for the two leaders there be a period for morning business not to extend beyond 10 a.m. with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUME CONSIDERATION OF S. 4

Mr. MITCHELL. Mr. President, I ask unanimous consent that at 10 a.m. the Senate resume consideration of S. 4, the minimum wage bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. MITCHELL. Mr. President, if the distinguished Republican leader has no further business and if no other Senator is seeking recognition, I now ask unanimous consent that the Senate stand in recess, under the previous order, until 9:30 a.m. tomorrow, Wednesday, April 12, 1989.

There being no objection, the Senate, at 7:13 p.m., recessed until Wednesday, April 12, 1989, at 9:30 a.m.